



**DESERT COMMUNITY ENERGY
SPECIAL MEETING AGENDA**

**Monday, March 23, 2026
3:00 p.m.**

**Palm Springs City Hall
Large Conference Room
3200 E. Tahquitz Canyon Way
Palm Springs, CA 92262**

Members of the public may use the following link for listening access and ability to address the Desert Community Energy Board when called upon:

<https://us02web.zoom.us/j/82099146709?pwd=dudz7EDH2plm2bacxClBGIAInWRKscp.1>

**Dial In: +1 669 900 9128 US
Webinar ID: 820 9914 6709
Password: 959258**

**IF YOU ARE UNABLE TO CONNECT VIA DIAL IN OPTION,
PLEASE CALL 760-346-1127.**

Members of the public are encouraged to submit comment in connection with the Desert Community Energy meeting by email to: cvag@cvag.org by 5:00 p.m. on the day prior to the Board meeting. Members of the public joining the meeting by Zoom can provide comment by using the “raise hand” feature or hitting *9 on the phone keypad.

As a convenience to the public, DCE provides a call-in and internet-based option for members of the public to virtually observe and provide public comments at its meetings. Please note that, in the event of a technical issue disrupting the call-in or internet-based options, the meeting will continue unless otherwise required by law.

**THIS MEETING IS ADA ACCESSIBLE.
ACTION MAY RESULT ON ANY ITEMS ON THIS AGENDA.**

1. **CALL TO ORDER** – Chair Jeffrey Bernstein, City of Palm Springs
Roll Call
Pledge of Allegiance
Agenda Modifications
Conflict of Interest Disclosure

P4

2. **PUBLIC COMMENTS ON AGENDA ITEMS**

This is the first of two opportunities to address the Board. Any person wishing to address the Desert Community Energy Board on items appearing on this agenda may do so at this time. Please limit comments to 3 minutes. At the discretion of the chair, additional public comment time and/or opportunities during the meeting may be granted.

3. **BOARD MEMBER / EXECUTIVE DIRECTOR COMMENTS**

4. **DISCUSSION / ACTION**

- A. **Fiscal Year 2025-26 Budget Amendment & Fiscal Year 2026-27 Projection**–
Claude Kilgore

P5

Recommendation: Approve the mid-year budget amendment for Fiscal Year 2025-26

- B. **Additional Authorizations for Pre-Pay Bond Financing** – Lisa McNeilly and Claude Kilgore

P10

Recommendation: Authorize the Executive Director to take additional steps to establish pre-payment bond financing including:

- 1.) Execute, in partnership with Redwood Coast Energy Authority (RCEA), an agreement with Goldman Sachs to fulfill the roles of Counterparty Supplier and Intermediary Bank;
- 2.) Adopt Resolution No. 2026-01, authorizing DCE to join the California Community Choice Financing Authority (CCCFA), as the bond issuer, at a cost of \$50,000 for the membership entry fee and up to \$20,000 to cover a transaction fee for issuance of the bonds; and
- 3) Select and negotiate an agreement with a Tax and Bond counsel at a total, shared cost not to exceed \$350,000

- C. **DCE’s 2026 Integrated Resource Plan** – Alvaro Valcarcel Jervis

P53

Recommendation: Information

5. **INFORMATION**

- A) Attendance Record P55
- B) Conflict of Interest Guidance P56
- C) Summary of January 2026 Rate Adjustment P71
- D) Community Advisory Committee Update P73
- E) 2025 GO 156 Annual Supplier Diversity Report P74
- F) Unaudited Year-to-Year Financial Report as of September 30, 2025 P92
- G) Unaudited Year-to-Year Financial Report as of December 31, 2025 P95
- H) DCE's Quarterly Investment Report through September 30, 2025 P98
- I) DCE's Quarterly Investment Report through December 31, 2025 P99
- J) Update on Calpine Community Energy's Community Benefits Grant P100

6. **PUBLIC COMMENTS ON NON-AGENDA ITEMS**

This is the second of two opportunities to address the Board. Any person wishing to address the Board on items not appearing on this agenda may do so at this time. Please limit comments to 2 minutes. At the discretion of the chair, additional public comment time and/or opportunities during the meeting may be granted.

7. **ANNOUNCEMENTS**

The next DCE Board meeting will be held April 20, 2026, at 3:00 p.m. at the Large Conference Room at Palm Springs City Hall, 3200 E. Tahquitz Canyon Way, Palm Springs, 92262.

8. **ADJOURNMENT**



DESERT COMMUNITY ENERGY BOARD MEMBER ROSTER

Voting Members	Seat on Committee	Representative
City of Palm Desert	Vice Chair	Veronica Chavez Finance Director
City of Palm Springs	Chair	Jeffrey Bernstein Councilmember
DCE Staff		
Tom Kirk, Executive Director		
Claude Kilgore, Director of Finance		
Lisa McNeilly, Director of Energy & Sustainability		

ITEM 4A

Desert Community Energy Board
March 23, 2026



STAFF REPORT

Subject: Fiscal Year 2025-26 Budget Amendment & Fiscal Year 2026-27 Projection

Contact: Claude T. Kilgore, Director of Finance (ckilgore@cvaq.org)

Recommendation: Approve the mid-year budget amendment for Fiscal Year 2025-26

Background: In June 2025, the Board approved DCE's Fiscal Year 2025-26 (FY26) Budget. DCE operates on a fiscal year that starts on July 1 and runs through June 30 each year. When DCE's Fiscal Year 2025-26 budget was initially developed in the spring of 2025, the best-known information available at the time was used for DCE's revenues and expenses, using a mix of publicly filed as well as internally projected information. The annual budget is a guiding document, which allows for flexibility and adjustments to accommodate current business needs and updated projections. Budget reports are presented to the Board on an ongoing basis to provide ongoing oversight of public funds, relate current events and upcoming activities, and request adjustments based on new information.

On November 20, 2025, DCE staff provided the Board with an update on various factors affecting DCE's budget and an overview of the estimated impacts to the FY26 budget, both positive and negative. Most significantly, SCE's 2026 *Energy Resource Recovery Account (ERRA)* update in October 2025 included drastic increases to the Power Charge Indifference Adjustment (PCIA, or exit fee) and changes to the market price benchmark (MPB), directly affecting DCE's revenue.

With this item, DCE staff seek to amend the FY26 budget. This is a similar budgeting approach to what the Board approved last year. This budget amendment uses actual energy cost and revenue data for the first eight months of the fiscal year (July 2025 through February 2026) and updated projections for the remaining four months (March through June 2026). Non-energy costs have been updated for the first seven or eight months depending on the line item and the original budget amounts have been used for the remaining months. Given the nature of projections, these figures are subject to change and may even be brought back to the Board for further revision at a future date.

The following items explain key differences between original and amended budget figures:

- A) *Net DCE Total Retail Revenue (line 7)* – Retail revenue is projected to decrease from original budget amounts by 16.22%, or \$10.7 million. Several factors contribute to this decline. Most significantly is the increase in PCIA (or exit fee) charged by SCE to all Community Choice Aggregator (CCA) customers, including those served by DCE. The fee recovers SCE's above-market costs for power resources contracted before the departure of the CCA customers and can vary widely from year to year because of the complexity of the inputs that determine the fee. The PCIA for DCE is positive when the market value of SCE's power resources and all its products is lower than the original costs of the underlying energy contract; a positive PCIA reduces DCE's retail revenue. The market value of SCE's power resources is determined via three MPB, which are calculated per recent energy market prices, recent historical values of Renewable Portfolio Standard (RPS) transactions, and recent historical values of Resource

Adequacy (RA) transactions. The PCIA can be negative when the opposite is true, and a negative PCIA increases DCE's retail revenue. In recent years, the PCIA has been negative, which benefited DCE's financial results. However, this trend has now shifted to a less favorable position.

In June 2025, the California Public Utilities Commission (CPUC) released Decision 25-06-048 that adopted changes to the calculation of the RA benchmarks. Aiming to reduce the rate volatility caused by the PCIA, this Decision reduced the RA MPBs from three to one and required multiple years of data to be utilized in the RA MPB calculation. This calculation methodology adjustment was implemented as of the Final 2025 and Forecast 2026 RA MPBs. The impact of this change was significantly lower Final 2025 and Forecast 2026 RA MPBs, which raised the PCIA for DCE customers by approximately 300%, flipping it from positive to negative. This switch will reduce DCE revenues, since DCE generation rates will be reduced by the PCIA rate increase. This change reduced DCE's remaining projected revenues for FY 2025-26 and its projected revenues for FY 2026-27.

Across California, many other CCAs are experiencing similar difficulties due to changes in PCIA. Some are raising rates, while others face expenses that surpass their revenues and are turning to reserves to cover the gap. DCE staff has exercised prudent management of the situation, and the budget amendment demonstrates a commitment maintaining current rates. Concurrently, DCE is projected to maintain robust fixed charge coverage ratios, which will be discussed in greater detail later.

Another major factor contributing to the decline in projected revenue was lower-than-expected load results for the first eight months of the fiscal year. Electricity use in DCE territory can be difficult to predict, especially for the hot summer months. The total load can be very dependent on weather, but predictions about the pace of electrification, economic activity, and other factors also impact forecasts. The relative percentage of Carbon Free customers can also impact forecasted revenues. Actual use fluctuates from year to year, with June and September being the most difficult to predict. Recently, retail revenues have been noticeably below forecast, although the trend reversed for September, October, and January but not enough to compensate for the months where load came in below forecast. DCE staff continues monitoring this trend and are working to understand all the factors behind the discrepancies. The load projections to be used in the FY 2026-27 budget will be finalized in April 2026. If a declining load trend were to continue for the remainder of FY 2025-26, retail revenue projections could decrease up to \$3 million.

The proposed budget amendment assumes that DCE's current rates will be sustained through June 30, 2026. With this budget amendment, DCE staff does not recommend any rate increase or decrease to the current generation rates; however, adjustments may be necessary under the Rate Stabilization Schedule throughout the remainder of the fiscal year. This is especially true if SCE changes its rates and adjustments are required for Desert Saver to preserve its discount relative to SCE.

- B) *Wholesale Power Supply (line 14)* – The budget amendment shows a significant decrease in power costs from the originally budgeted figures, representing a 11.55% or \$6.8 million drop. This is welcome news after extreme highs realized in recent years. Resource Adequacy (RA or capacity) and the renewable energy markets have experienced declining price trends throughout 2025 and into 2026. Since January 2025, market prices for RA and renewable energy have decreased by nearly 15% on average. These downward trends are expected to contribute to lower Final 2026 MPBs for both Renewable Portfolio Standard RA values, which are scheduled to be released in October 2026. As a result, certain DCE RA and renewable contract costs are

expected to decline in 2026. While changes in the MPBs and the market value of power resources increase the PCIA and reduce revenue, these have the inverse effect on costs. The lower RA MPB will have a beneficial impact on DCE's power costs, since some of DCE's RA purchases are priced based on the RA MPB. Similarly, some of DCE's Renewable Energy Credit (REC) purchases are priced based on the RPS MPB, so a similar reduction in the RPS MPB also benefits DCE's power costs. Finally, DCE's power procurement strategy balances risk reduction with market price trends. During the past calendar year, DCE has been able to execute periodic sales of surplus RECs and surplus RA at prices higher than the current MPBs. Given the lagged nature of the MPB, future prices are currently lower than the MPB, limiting opportunities for additional net revenue generating sales. DCE staff and its consultants continue to attempt power procurement optimization by marketing surplus attributes when possible. Another recent CPUC Decision (D 25-09-007) eliminates the need to procure short-term "bridge" contracts to cover delays in meeting certain MTR requirements. DCE staff anticipate additional MTR requirements in the future beyond what has already been procured, but the extent of the budget impacts is not known at this time.

- C) *Other Updates* – Smaller adjustments to the budget include reducing the expected expense for uncollectable accounts (line 6) by about \$400,000 as customer payments on aging accounts have been more successful than originally budgeted. Total DCE internal operations charges (line 38), saw a decrease of about \$660,000 as actual costs for things like staff time and benefits contracted through the Coachella Valley Association of Governments (CVAG) for the first half of the fiscal year came in under budget and customer program matches expenses have been budgeted out to the following fiscal year as details and timing are still being finalized with DCE counterparts.

The proposed budget amendment also is consistent with the recommendations made by S&P Global Ratings Inc. (S&P) to DCE when it issued its report providing DCE with an investment-grade credit rating opinion of BBB. DCE should provide rate-setting flexibility to ensure revenue requirements are met, which is measured in the form of fixed charge coverage ratios (FCC). At the same time, S&P indicated that DCE must remain competitive and ensure a low and stable customer opt-out rate. Therefore, DCE must balance these priorities to ensure fiscal responsibility by meeting its revenue requirement yet prevent rate shock and losing customers.

DCE calculates its FCC as net revenue plus 50% of fixed power purchase agreement (PPA) expenses divided by 50% of fixed PPA expenses. The budget amendment demonstrates a FCC of 1.78. When S&P initially delivered its report, it indicated preference for DCE to maintain its FCC above 2.0 for the coming years. DCE successfully achieved this metric in fiscal year 2024-25, with DCE ending the year on June 30, 2025 with a FCC of 2.49. While the current projected FCC for FY26 of 1.78 is less than 2.0, ratios above 1.6 are still considered extremely strong. In addition, DCE staff will be tracking the final Energy Resource Recovery Account (ERRA) forecast and RA and RPS MPBS, which also will impact DCE's final FCC results. While it was not possible to make an update to the budget based on these figures, looking at fiscal year 2025, they came in lower than budgeted and positively impacted DCE's bottom line. DCE and its consultants including The Energy Authority (TEA) are closely tracking the recent geopolitical developments and the resulting volatility in oil and natural gas markets. The TEA team is actively assessing potential impacts to delivered cost of energy for our clients, including DCE, and remain committed to DCE's disciplined, ratable hedging approach to help manage exposure through periods of market uncertainty.

Fiscal Year 2026-27 Projection

The budget amendment also includes an early projection of the Fiscal Year 2026-27 (FY27) budget. This preview is preliminary and numbers will be finalized in the coming months prior to the Board's consideration of adoption in June. Key factors influencing the FY27 budget include:

- A) *PCIA* – The 2027 PCIA assumptions included in the budget preview are per the most recent available run through of the California Community Choice Association (CalCCA) forecasting model. DCE staff expects to learn more about the 2027 PCIA after SCE releases the 2027 Spring ERRRA, which is expected around May 15, 2026. However, staff anticipates that the PCIA will probably increase from current assumptions, leading to lower revenue forecasts for FY27 than currently previewed.
- B) *Energy prices* – Forward energy prices for the latter half of calendar year 2026 into 2027 are at an increase in comparison to FY 2025-26 energy prices driving an increase in projected wholesale energy costs for FY27.
- C) *RA prices* – Forward Resource Adequacy (RA) market prices are displaying a slight increasing trend into calendar 2027, primarily in the summer months. However, DCE's FY 2026-27 RA costs are projected to be much lower than the prior fiscal year. This is because summer 2025 RA procurement prices were significantly greater than current forecasted summer RA procurement prices.
- D) *REC prices* – Forward Renewable Energy Credit (REC) prices are also displaying a slight increasing trend into calendar year 2027 primarily due to expectations of greater procurement activity resulting from 2027 being the final year in Renewable Portfolio Standard (RPS) Compliance Period 5.
- E) *Other factors:*
 - a. DCE will update its FY27 load forecast in April, likely lowering projected revenue.
 - b. DCE's 2027 RA obligation will be finalized this year, which could have an impact on DCE's RA procurement costs.
 - c. The May ERRRA forecast is expected to be released on May 15, 2026 and will provide the first look at SCE's 2027 rates which impact Desert Saver and competitiveness of Carbon Free.
 - d. The 2026 Final RA MPB, the 2026 Final RPS MPB, the 2027 Forecast RA MPB, and the 2027 Forecast RPS MPB (to be released in October 2026) are anticipated to positively impact certain contractual RPS and RA costs.

Staff recommends the Board approve the mid-year budget amendment for Fiscal Year 2025-26.

Fiscal Analysis: The costs of the mid-year budget amendment are incorporated into the amendment itself. If approved, DCE's Fiscal Year 2025-26 net position is expected to increase by approximately \$2.9 million dollars based on the factors described above, a decrease from what was originally budgeted by about \$1.2 million.

Attachment: Proposed Fiscal Year 2025-26 Amended Budget and Fiscal Year 2026-27 Projection

23-Mar-26
Desert Community Energy
Fiscal Year 2025-26 Amended Budget & Fiscal Year 2026-27 Outlook

		FY2025-26 Budget Original	FY2025-26 Budget Amended	Dollar Change	Percentage Change	Projected FY2026-27
1	Load Particulars					
2	DCE Retail Load (MWh, net of opt-outs + losses)	383,128	362,998	\$ (20,130)	(5.25%)	382,468
3	Losses (MWh)	26,053	23,731	\$ (2,322)	(8.91%)	25,004
4	Revenue Particulars					
5	Gross Revenue	\$ 68,597,382	\$ 57,469,590	\$ (11,127,792)	(16.22%)	\$ 55,641,512
6	Less Uncollectable Accounts	\$ (2,469,506)	\$ (2,068,905)	\$ 400,601	16.22%	\$ (2,003,094)
7	Net DCE Total Retail Revenue	\$ 66,127,877	\$ 55,400,685	\$ (10,727,192)	(16.22%)	\$ 53,638,418
8	Average Monthly Revenue (\$/MWh)	\$ 172.60	\$ 152.62	\$ (20)	(11.58%)	\$ 140.24
9	Other Revenue	\$ 986,606	\$ 2,850,027	\$ 1,863,421	188.87%	\$ 754,646
10	Other Operating Revenue	\$ 145,990	\$ 1,932,195	\$ 1,786,205	1223.51%	\$ 20,380
11	Investment Income	\$ 840,616	\$ 917,832	\$ 77,216	9.19%	\$ 734,266
12	Total Revenues	\$ 67,114,483	\$ 58,250,712	\$ (8,863,771)	(13.21%)	\$ 54,393,064
13	Total DCE Power Cost (w/o DCE Direct)					
14	Wholesale Power Supply (Physical Components)	\$ 59,050,459	\$ 52,232,107	\$ (6,818,352)	(11.55%)	\$ 42,501,668
15	TEA Services	\$ 963,228	\$ 895,012	\$ (68,216)	(7.08%)	\$ 921,862
18	Calpine Data Management	\$ 561,450	\$ 558,637	\$ (2,813)	(0.50%)	\$ 575,396
19	SCE Billing Services	\$ 72,000	\$ 59,342	\$ (12,658)	(17.58%)	\$ 61,122
20	Total Wholesale Cost, Accrual (FiMo)	\$ 60,647,137	\$ 53,745,098	\$ (6,902,039)	(11.38%)	\$ 44,060,049
21	Average Wholesale Cost \$/MWh	\$ 158.29	\$ 148.06	\$ (10)	(6.47%)	\$ 115.20
22	River City Bank Credit Facility					
23	Stand By Letter of Credit Fee	\$ 53,925	\$ -	\$ (53,925)	(100.00%)	\$ -
24	RLOC Renewal Processing Fees	\$ -	\$ 2,705	\$ 2,705	100.00%	\$ 2,786
25	Net RCB Credit Accrual	\$ 53,925	\$ 2,705	\$ (51,220)	(94.98%)	\$ 2,786
26	Estimated Operating Expenses					
27	DCE Staff Costs from CVAG	\$ 923,980	\$ 709,732	\$ (214,248)	(23.19%)	\$ 731,024
28	Total Salaries	\$ 651,072	\$ 500,105	\$ (150,967)	(23.19%)	\$ 515,108
29	Total Benefits	\$ 272,908	\$ 209,627	\$ (63,281)	(23.19%)	\$ 215,916
30	Contracts / Contract Labor (not incl. elsewhere)	\$ 355,440	\$ 321,763	\$ (33,677)	(9.47%)	\$ 331,416
31	Legal Services	\$ 104,200	\$ 91,212	\$ (12,988)	(12.46%)	\$ 93,949
32	Professional Services ¹	\$ 48,340	\$ 127,411	\$ 79,071	163.57%	\$ 131,233
33	Consultants ²	\$ 202,900	\$ 103,140	\$ (99,760)	(49.17%)	\$ 106,234
34	CVAG General & Administrative Support	\$ 281,773	\$ 321,367	\$ 39,594	14.05%	\$ 331,008
35	Retail Business Support Activities	\$ 33,800	\$ 22,221	\$ (11,579)	(34.26%)	\$ 22,888
36	DCE Programs	\$ 510,000	\$ 60,000	\$ (450,000)	(88.24%)	\$ 501,800
37	Office Supplies and Other Expenses	\$ 181,348	\$ 182,067	\$ 719	0.40%	\$ 187,529
38	Total DCE Internal Operations Charges	\$ 2,286,341	\$ 1,617,150	\$ (669,191)	(29.27%)	\$ 2,105,664
39	Total Non Power Opr Exp (DCE + All Services)	\$ 3,883,019	\$ 3,130,141	\$ (752,878)	(19.39%)	\$ 3,664,045
40	Expected Accrual Results					
41	Revenues	\$ 67,114,483	\$ 58,250,712	\$ (8,863,771)	(13.21%)	\$ 54,393,064
42	Power and Operations Costs	\$ 62,933,478	\$ 55,362,248	\$ (7,571,230)	(12.03%)	\$ 46,165,713
43	Non-Operating Costs	\$ 53,925	\$ 2,705	\$ (51,220)	(94.98%)	\$ 2,786
44	Net Margin Avail After Expenses - Accrual	\$ 4,127,079	\$ 2,885,759	\$ (1,241,320)	(30.08%)	\$ 8,224,564
45	Annual Cumulative Accrual Revenues	\$ 386,277,768	\$ 380,843,223	\$ (5,434,545)	(1.41%)	\$ 435,236,287
46	Annual Cumulative Accrual Power/Ops/NonOps C	\$ 343,879,269	\$ 338,051,105	\$ (5,828,164)	(1.69%)	\$ 384,219,605
47	Cumulative Net Position - Accrual	\$ 42,398,499	\$ 42,792,118	\$ 393,619	0.93%	\$ 51,016,682

This budget supercedes the relevant figures in the originally adopted fiscal year 2025-26 budget approved by the DCE Board of Directors in June 2025.

- Does not include the professional services expenses of SCE which are listed individually in Total DCE Power Cost (w/o DCE Direct) section.
- Does not include the consultant expenses of TEA, Calpine and CVAG which are listed individually in Total DCE Power Cost (w/o DCE Direct) section.

ITEM 4B

Desert Community Energy Board
March 23, 2026



STAFF REPORT

Subject: Additional Authorizations for Pre-Pay Bond Financing

Contact: Lisa McNeilly, Director of Energy & Sustainability (lmcneilly@cvag.org) and Claude T. Kilgore, Director of Finance (ckilgore@cvag.org)

Recommendation: Authorize the Executive Director to take additional steps to establish pre-payment bond financing including:

- 1.) Execute, in partnership with Redwood Coast Energy Authority (RCEA), an agreement with Goldman Sachs to fulfill the roles of Counterparty Supplier and Intermediary Bank;
- 2.) Adopt Resolution No. 2026-01, authorizing DCE to join the California Community Choice Financing Authority (CCCFA), as the bond issuer, at a cost of \$50,000 for the membership entry fee and up to \$20,000 to cover a transaction fee for issuance of the bonds; and
- 3.) Select and negotiate an agreement with a Tax and Bond counsel at a total, shared cost not to exceed \$350,000

Background: In November 2025, the Board authorized the Executive Director to take the necessary steps to establish a pre-payment bond financing transaction (pre-pay), in partnership with Redwood Coast Energy Authority (RCEA), as part of the broader efforts to address DCE costs and long-term financial stability. Renewable energy pre-payment bonds are a way to reduce the cost of renewable energy and provide savings to customers under existing U.S. Treasury Regulations available to public entities like Community Choice Aggregators (CCAs), including DCE. Such bonds have been in use for years by municipal utilities to contract for natural gas or electricity at discounted prices, and used by CCAs since 2021 to achieve substantial savings for customers. In general, the costs of long-term renewable energy contracts (like Power Purchase Agreements or PPAs) are pre-paid for a supply of electricity from a taxable entity, and the CCA uses tax-exempt municipal bonds to fund that prepayment.

As part of the November authorization, the Board authorized an agreement with John Norman and Tyler Noble from Municipal Capital Markets Group, Inc. (MCM) for a total, shared cost not to exceed \$350,000. Such a fiduciary was needed to assist with bond pricing, research and analytics, disclosure documents, negotiating commodity and interest rate swaps, and guaranteed investment contracts. In January 2026, Mr. Norman and Mr. Noble notified staff that they were joining MG Advisory Group (MG), and an agreement between DCE, RCEA, and MG was executed later that month, under the same terms as previously negotiated with MCM. The Executive Director was also authorized to execute a contract for specialized legal services. As authorized by the Board, staff worked with RCEA and are now working to finalize an agreement with Chapman and Cutler LLP (Chapman) for these specialized legal services. Chapman had been procured by San Diego Community Power (SDCP) for similar services in August 2024 and, because DCE's Procurement Policy & Procedures allows the use of cooperative purchasing ("piggybacking"), staff at DCE and RCEA worked to secure the services under the same terms secured by SDGP two years ago. An agreement is being finalized and the total, shared cost of the agreement as

previously authorized by the Board will not exceed \$300,000 and will be contingent on completing the pre-pay.

With these steps well under way, staff is now recommending additional authorization for the related to completing a pre-pay transaction. This includes recommending the Board provide additional authorizations to the Executive Director to engage with a pre-pay Counterparty Supplier; adopting a resolution to become a member of the California Community Choice Financing Authority (CCCFA); and engaging a Tax and Bond Counsel. Additional steps to advance the pre-pay transaction would come back to the Board for additional approvals at a future meeting.

The first recommended action would establish an agreement with Goldman Sachs. On February 9, 2026, DCE and RCEA released a Request for Proposals (RFP) for Prepay Counterparty for an Energy Prepayment Transaction. A quantitative addendum was released on February 17 with assumptions for a sample transaction cash flow result. Four proposals were received by the deadline and evaluated by the selection panel, which included an equal number of members from DCE and RCEA. Staff interviewed two applicants – Goldman Sachs and Morgan Stanley – and contacted references to better understand the services offered and the proposed fee structures. Goldman Sachs offers a more diverse recipient pool, the lowest fees, and the larger back-office team to provide support after the pre-pay closing. Staff is now recommending the Board's approval. The fee structure for pre-pay counterparties is complex, and the agreement with Goldman Sachs includes an Underwriting Fee of \$4.50 per \$1,000 of par amount and an Energy Supply Fee of \$1.10 per MWh. Additional fees are dependent in part on selection of the Funding Recipient (FR), and total savings from the pre-pay transaction will be net of all Counterparty fees and contingent upon completion of the pre-pay. The total costs will be better understood once the CCAs are further along in the process and will be shared with the Board before final approval of the pre-pay transaction. These costs will be covered by bond proceeds.

The second recommended action involves membership CCCFA, a California joint powers authority founded by five CCAs, serves as a low-cost conduit to issue pre-pay bonds. Based on research by staff, it is currently the only viable option for pre-pay issuance for DCE. CCCFA has issued all prepay bonds to date for California CCAs. The bonds issued are off-balance sheet and non-recourse to the prepay participant (in this case, DCE), while also remaining ratings neutral to positive. There is no obligation to pay for debt issued, only to pay for power delivered. In this structure, CCCFA issues tax-exempt bonds and uses the bond proceeds to secure a 30-year energy supply from the Pre-paid Supplier. The Pre-paid Supplier then lends these proceeds to an intermediary bank at a taxable rate. The Pre-paid Supplier pays energy sellers the full contract price, while CCCFA charges the CCA a discounted rate. The difference is typically about eight to 10 percent or more depending on market conditions, resulting in a discount for the CCA. Banks accept this discount since they gain underwriting fees and other benefits from the deal.

CCCFA requires that a CCA join CCCFA as an Associate Member for CCCFA to issue Prepayment Bonds for the CCA. To join CCCFA, the DCE Board must adopt a resolution approving the execution and delivery of the CCCFA Joint Powers Agreement. DCE will also need to pay an initial membership fee of \$50,000, and agree to pay the CCA's equal share of annual costs to CCCFA to cover certain general and administrative expenses of CCCFA not otherwise covered by other fees. Following receipt of the signed resolution, CCCFA will include on the agenda for the next available CCCFA Board meeting the approval of the CCA's membership and the execution of the applicable amendment of the CCCFA Joint Powers Agreement. In addition to the resolution and agreement language, staff is providing additional information on the CCCFA procedures as an attachment to this staff report.

The third recommended action allows DCE and RCEA to engage Tax and Bond Counsel. The role of Bond Counsel is unique to municipal finance and is the entity that prepares documents like

the Trust Indenture that governs the terms of the pre-payment bonds, the cash flows, and the security for the payment of the pre-payment bonds. At closing, Bond Counsel delivers an opinion that the investors rely on that the pre-payment bonds are validly issued and secured. The Bond Counsel also usually serves as Tax Counsel, providing an opinion that the interest on the Prepayment bonds is tax-exempt. Counsel can be engaged by CCCFA at the request of the CCA, but DCE staff is recommending that the Board authorize selecting a Tax and Bond Counsel at a total, shared cost not to exceed \$350,000, in order to expedite the process for completing the pre-payment transaction. These costs will also be contingent on closing and paid out of the bond proceeds.

In summary, staff is recommending the Executive Director be authorized to engage with a pre-pay counterparty, become a member of CCCFA and engage a Tax and Bond Counsel. A future staff report will outline the remaining steps in the pre-payment bond financing process, including necessary decisions about the deal size, cash flow savings and other components of the final bond package, and the on-going work to apportion costs of the pre-pay equitably with RCEA.

Fiscal Analysis: The cost of the recommended agreement for the Tax and Bond Counsel is for a shared, not-to-exceed amount of \$350,000. This cost, along with the fees for the Counterparty Supplier will be split between DCE and RCEA at an equitable rate as to be determined by transaction volume of each respective CCA or similar method. The cost of CCCFA membership includes the \$50,000 membership entry fee, up to a \$20,000 transaction fee, and a share of annual costs to CCCFA to cover certain general and administrative expenses not covered by other fees. These costs are contingent on the transactions closing and payable out of the deal proceeds.

Prepayment financing is a long-term financing strategy that allows tax-exempt entities such as CCAs to achieve substantial savings on power procurement by capitalizing on the spread between tax-exempt and taxable interest rates. DCE staff's primary objective in recommending a prepayment financing structure is to secure meaningful reductions in energy procurement costs. Based on preliminary analysis, the transaction is projected to generate approximately \$800,000 to \$1 million in annual savings, though actual results will depend on the energy contracts included in the transaction and prevailing market conditions. The targeted annual savings will serve as a critical factor during negotiations with the counterparty. DCE staff expect to provide a more refined estimate at a subsequent board meeting as discussions advance.

Any discount in energy costs achieved through the prepayment structure will flow directly into DCE's financial position. Fees for service providers are contingent on a successful close and will be paid from bond proceeds, resulting in no out-of-pocket costs for DCE, except as otherwise noted. If the transaction does not proceed, DCE's only direct expenses would be the CCCFA membership and general administrative fees (approximately \$75,000) and rating agency fees (estimated at \$250,000 to be split with RCEA). Once the deal closes, DCE may have to issue, through bond proceeds, cash as a member of CCCFA to cover operational costs. In one recent year there was no cash call, in another there was a cash call of about \$30,000 to each member. CCCFA currently has a working group of founding members evaluating how to most equitably share the burden of these cash calls on a pro-rata basis but for now they are per member. As an associate member of CCCFA, DCE would not be able to participate materially in these conversations or have a deciding vote. CCCFA's fiscal year 2026 budget estimates a cash call of about \$33,000 to members.

Staff would add that the debt obligation is non-recourse to DCE. This means DCE only pays for energy when it is delivered. DCE has no liability for bond repayment or other debt obligations in the event of a default by the Prepaid Supplier or the bank. In addition, rating agencies do not treat prepayment transactions as debt or fixed costs for DCE.

Attachments:

1. Resolution 2026-01
2. CCCFA Joint Powers Agreement
3. CCFA's Summary of Policies and Procedures for the Issuance of Renewable Energy Prepayment Bonds

RESOLUTION NO. 2026-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF DESERT COMMUNITY ENERGY TO APPROVE AND AUTHORIZE THE EXECUTION OF A JOINT POWERS AGREEMENT PROVIDING DESERT COMMUNITY ENERGY ASSOCIATE MEMBERSHIP TO THE CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY TO ISSUE MUNICIPAL BONDS FOR ENERGY PREPAY TRANSACTIONS

WHEREAS, the pursuit of an energy prepayment on a tax advantaged basis enables a meaningful power procurement cost savings opportunity in which Desert Community Energy (DCE) can utilize its tax-exempt status to access the municipal bond market to prepay existing energy supply contracts at a discounted rate;

WHEREAS, long-term power pre-pay transactions utilize the municipal bond market and therefore DCE requires a bond issuing entity to participate;

WHEREAS, the California Community Choice Financing Authority (CCCFA) is a joint exercise of powers agency established under California Government Code section 6500 et seq. (the JPA Law) and a Joint Powers Agreement (the CCCFA Joint Powers Agreement) among various California Community Choice Aggregators (CCAs) for the purpose of undertaking the financing and refinancing of energy prepayments that can be financed with tax advantaged bonds on behalf of one or more of its members by, among other things, issuing or incurring bonds and entering into related contracts;

WHEREAS, DCE is a community choice aggregator, as such term is defined in Section 331.1 of the Public Utilities Code of the State of California, that is a public agency, as such term is defined in the JPA Law, which has implemented a CCA program pursuant to Section 366.2 of the Public Utilities Code, and possesses the power to purchase and sell electric energy and enter into related contracts for such purposes and, therefore, DCE is eligible to become a member of CCCFA under the CCCFA Joint Powers Agreement;

WHEREAS, for CCCFA to finance or refinance energy prepayments and issue bonds on behalf of DCE, DCE must become an associate member of CCCFA;

WHEREAS, DCE has determined that CCCFA is the best-fit least-cost option for a bond issuing entity to enable DCE to participate in one or more energy prepayment transactions and therefore DCE desires to become an associate member of CCCFA;

WHEREAS, to become an associate member of CCCFA, the Board of Directors of DCE must file an executed counterpart of the CCCFA Joint Powers Agreement with CCCFA, together with a copy of the resolution of the Board of DCE approving the CCCFA Joint Powers Agreement and the execution and delivery hereof, and requesting to be added as an Associate Member of CCCFA and DCE must further agree in writing to pay CCCFA a share of organization, planning and other costs and charges as determined by the Board of CCCFA to be appropriate, if any;

WHEREAS, on March 11, 2022, the CCCFA Board established a new membership entry fee of \$50,000 for a new associate member's portion of organization, planning, and other costs, in addition to each member's equal share of general and administrative costs as determined by the CCCFA Board;

WHEREAS, on December 16, 2022, the CCCFA Board established a transaction fee of \$20,000 to cover the Prepayment Project costs as defined in Section 1.11 of the CCCFA Joint Powers Agreement; and

WHEREAS, under the JPA Law and the CCCFA Joint Powers Agreement, CCCFA is a public entity separate and apart from the parties to the CCCFA Joint Powers Agreement, and the debts, liabilities, and obligations of the CCCFA will not constitute debts, liabilities, or obligations of the DCE.

NOW, THEREFORE, BE IT RESOLVED that the Board of DCE hereby finds, declares, and resolves as follows:

1. The above recitals are true and correct.
2. The CCCFA Joint Powers Agreement on file with the Clerk of the DCE is hereby approved. The Executive Director is authorized and directed, on behalf of the DCE, to execute the CCCFA Joint Powers Agreement, and request that DCE become an associate member of CCCFA.
3. DCE hereby agrees to pay CCCFA for its share of organization, planning and other costs and charges as determined by the Board of CCCFA to be appropriate.
4. The officers, employees, and agents of DCE are hereby authorized and directed, jointly and severally, to execute and deliver any and all documents, agreements and instruments and to do any and all things which they may deem necessary or advisable to carry out, give effect to and comply with the terms and intent of the CCCFA Joint Powers Agreement and this Resolution.
5. This Resolution shall take effect immediately upon its adoption.

The following Resolution was duly passed by the Board of DCE at a meeting held on March 23, 2026, by the following vote:

Ayes:

Noes:

Absent:

Jeffrey Bernstein
DCE Chair of the Board

Attest:

Tom Kirk
DCE Secretary

CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY JOINT POWERS AGREEMENT

This Joint Powers Agreement (this "Agreement") is made by and among those public agencies who are signatories to this Agreement, and those public agencies which may hereafter become signatories to this Agreement (all such parties, except those which have withdrawn as provided herein, are referred to herein as the "Members" and those parties initially executing this Agreement are referred to as the "Founding Members"), creating a separate joint powers agency, which is named "California Community Choice Financing Authority" ("CCCFA").

WITNESSETH

WHEREAS, each Member is a "community choice aggregator," as that term is defined in Section 331.1 of the Public Utilities Code of the State of California (the "Public Utilities Code"), having duly adopted, established and implemented a community choice aggregation program pursuant to Section 366.2 of the Public Utilities Code, with the authority to group retail electricity customers to solicit bids, broker, and contract for electricity and energy services for those customers, and to enter into agreements for services to facilitate the sale and purchase of electricity and other related services, and to study, promote, develop, conduct, operate and manage energy-related programs; and

WHEREAS, each Member is a "public agency," as that term is defined in Section 6500 of the Government Code of the State of California (the "Government Code"); and

WHEREAS, Chapter 5 of Division 7 of Title 1 of the Government Code, being Section 6500 and following (the "Act"), authorizes a joint exercise by two or more public agencies of any power which is common to each of them and the creation of an entity that is separate from the parties to the joint exercise of powers agreement; and

WHEREAS, it is to the mutual benefit of the Members and in the public interest that an agency by the name of the California Community Choice Financing Authority be created, by which the Members jointly exercise for their common benefit and for the purposes specified herein certain powers that they have in common or are otherwise provided for by applicable law, including but not limited to (i) the acquisition and operation of power supplies, resource adequacy and renewable attributes, and (ii) the provision of other energy services or programs which may be of benefit to one or more Members; and

WHEREAS, the Act conveys upon joint exercise of powers authorities certain additional powers, including but not limited to the power to issue revenue bonds and incur other evidences of indebtedness for such purposes as are specified in the Act; and

WHEREAS, CCCFA's purpose is to assist Members by undertaking the financing or refinancing of energy prepayments that can be financed with tax advantaged bonds on behalf of one or more of the Members by, among other things, issuing or incurring Bonds (as such term is defined herein) and entering into related contracts with Members.

NOW, THEREFORE, the Members, for and in consideration of the mutual promises and agreements herein contained, do hereby agree as follows:

Article I. DEFINITIONS

In addition to the other terms defined herein, the following terms, whether in the singular or in the plural, when used herein and initially capitalized, shall have the meanings specified throughout this Agreement.

Section 1.01 “**Act**” means Chapter 5 of Division 7 of Title 1 of the Government Code (Section 6500 *et seq.*), as supplemented and amended from time to time, including without limitation the Marks-Roos Local Bond Pooling Act of 1985.

Section 1.02 “**Agreement**” means this Joint Powers Agreement, as it may be supplemented and amended from time to time in accordance with the terms hereof.

Section 1.03 “**Associate Member**” means any Public CCA Agency that is a signatory to this Agreement and that has met the requirements of Section 3.02 below to become an Associate Member. The term “Associate Member” shall, however, exclude any Associate Member which shall have withdrawn or been excluded from CCCFA pursuant to Section 3.04 below.

Section 1.04 “**Board**” means the Board of Directors of CCCFA as established by this Agreement.

Section 1.05 “**Bonds**” means bonds, notes, commercial paper, installment purchase, lease purchase and similar agreements and certificates of participation therein, and any other evidences of indebtedness.

Section 1.06 “**CCCFA**” means the California Community Choice Financing Authority, the Joint Powers Authority established by this Agreement.

Section 1.07 “**Director**” means each Director duly appointed and serving on the Board as provided in Article IV of this Agreement.

Section 1.08 “**Founding Member**” means each of the Public CCA Agencies initially executing this Agreement, and any Public CCA Agency that becomes a Founding Member pursuant to Section 3.01 below. The term “Founding Member” shall, however, exclude any Founding Member which shall have withdrawn or been excluded from CCCFA pursuant to Section 3.04 below. The initial Founding Members are Central Coast Community Energy, East Bay Community Energy, Marin Clean Energy, and Silicon Valley Clean Energy.

Section 1.09 “**Government Code**” means the Government Code of the State of California.

Section 1.10 “**Member**” means a Founding Member or an Associate Member.

Section 1.11 “**Prepayment Project**” means, in connection with the financing or refinancing of energy prepayments that can be financed with tax advantaged bonds and other obligations: (i) the purchase and sale of electric energy and associated capacity and environmental attributes, (ii) the design, acquisition, maintenance, or operation of any Public Capital Improvement (as defined in the Act) or other facility or improvement, or the leasing thereof, (iii) the provision of working capital, and (iv) any other project, program, public capital improvement or purpose authorized by the Act or other law to be undertaken, financed, or refinanced by CCCFA, subject to CCCFA’s approval of an application from one or more Members for support of such project, program, public capital improvement or authorized purpose and in connection with the financing or refinancing of energy prepayments that can be financed with tax advantaged bonds and other obligations.

Section 1.12 “**Prepayment Project Contract**” means a contract among any Members and CCCFA in connection with the undertaking, financing or refinancing of a Prepayment Project by such Members and CCCFA in accordance with the terms of this Agreement.

Section 1.13 “Public CCA Agency” means any community choice aggregator, as such term is defined in Section 331.1 of the Public Utilities Code, that is a public agency, as such term is defined in the Act, which has implemented a CCA program pursuant to Section 366.2 of the Public Utilities Code.

Section 1.14 “Public Utilities Code” means the Public Utilities Code of the State of California.

Article II. FORMATION OF AUTHORITY

Section 2.01 Creation of CCCFA. Pursuant to the Act, there is hereby created a public entity, to be known as the “California Community Choice Financing Authority,” which shall be a public entity separate and apart from its Members. The debts, liabilities and obligations of CCCFA shall not constitute debt, liabilities or obligations of any Member.

Section 2.02 Purpose. This Agreement is made, and CCCFA is being established, pursuant to the Act to provide for the joint exercise of powers common to the parties hereto to assist the Members in financing or refinancing energy prepayments that can be financed with tax advantaged bonds and other obligations on behalf of one or more of the Members, including by undertaking, financing or refinancing Prepayment Projects on behalf of one or more of the Members and/or CCCFA, all as further described in Section 2.03 hereof. CCCFA will fulfill the purposes of this Agreement by, among other things, undertaking the sale and issuance or incurrence of Bonds to finance or refinance Prepayment Projects on behalf of one or more of the Members and/or CCCFA in accordance with the Act. CCCFA is not being formed for the purposes of providing municipal services within the meaning of Section 6503.6 or Section 6503.8 of the Act.

Section 2.03 Powers. CCCFA, in its own name, shall have any and all power to undertake Prepayment Projects on behalf of one or more of the Members and/or CCCFA, and to finance or refinance such Prepayment Projects through the sale and issuance or incurring of Bonds for the purposes set forth in Section 2.02 hereof. CCCFA is empowered to exercise any and all common powers of the Members, and any other powers provided to it by any applicable laws, beneficial for the issuance or incurrence from time to time of such Bonds pursuant to Article VII hereof. Without limiting the generality of the foregoing, CCCFA, in its own name, shall have the power:

- (a) to acquire, purchase, finance, operate, maintain, utilize and/or dispose of one or more Prepayment Projects and any facilities, programs or other authorized costs relating thereto;
- (b) to make and enter contracts (including without limitation interest rate, commodity, basis and similar hedging contracts intended to hedge payment, rate, cost or similar exposure);
- (c) to employ agents and employees;
- (d) to acquire, manage, maintain or operate any building, works or improvements;
- (e) to acquire, hold, lease or dispose of property;
- (f) to incur debts (including without limitation through the issuance or incurrence of Bonds), liabilities or obligations (which shall not constitute debts, liabilities, or obligations of any of the Members);
- (g) to sue and be sued in its own name;
- (h) to receive gifts, contributions and donations of real or personal property, funds, services and other forms of assistance from any source;
- (i) to receive, collect, invest and disburse moneys;
- (j) to apply for, accept, and receive all licenses, permits, grants, loans or other aids from any federal, state, or local public agency;
- (k) to make and enter into service agreements relating to the provision of services necessary to plan, implement, operate and administer energy-related programs;
- (l) to defend, hold harmless, and indemnify, to the fullest extent permitted by law, each Member from any liability, claims, suits, or other actions;

(m) to exercise any other power and take any other action permitted by law to accomplish the purposes of this Agreement.

Such powers shall be exercised by CCCFA subject only to such restrictions upon the manner of exercising such power as are imposed upon Silicon Valley Clean Energy in the exercise of similar powers, as provided in Section 6509 of the Act, and, should Silicon Valley Clean Energy withdraw or be excluded from this Agreement pursuant to Section 3.04 hereof, the manner of exercising any power shall be subject only to the restrictions upon the manner of exercising such powers as are imposed upon Marin Clean Energy in the exercise of similar powers; *provided, however*, that nothing herein shall limit the powers of CCCFA under Article 4 of the Act.

Any Bonds issued or incurred by CCCFA shall not constitute general obligations of CCCFA, but shall be payable solely from the moneys pledged to the payment of principal of or interest on such Bonds under the terms of the resolution, indenture, trust agreement or other instrument pursuant to which the Bonds are issued or incurred, as further described in Article VII hereof. Such Bonds shall not constitute debts, liabilities or obligations of the Members.

Any of the Prepayment Projects acquired, financed or refinanced by CCCFA shall be operated by a Member or CCCFA for and on behalf of CCCFA, either directly or pursuant to contract or agreement with a third party designated by the applicable Member or Members and approved by CCCFA. None of the Members or CCCFA shall have liability for the breach, negligence or willful misconduct of any such third party.

Article III. MEMBERSHIP

Section 3.01 Founding Members. A Public CCA Agency will be qualified to join as a Founding Member only if it possesses the power to purchase and sell electric energy and enter into related contracts for such purposes. Public CCA Agencies may be added as parties to this Agreement and become Founding Members, and existing Associate Members may be elevated to Founding Members, upon: (1) the filing by such Public CCA Agency with the Board of an executed counterpart of this Agreement, together with a copy of the resolution of the governing body of such Public CCA Agency approving this Agreement and the execution and delivery hereof, and requesting to be added as a Founding Member of CCCFA; (2) the approval at a regular or special meeting of the Board by at least two-thirds (2/3) of the entire Board, and the adoption of a resolution of the Board approving the addition of such Public CCA Agency as a Founding Member; and (3) the deposit with, or the written agreement to pay to, CCCFA a share of organization, planning and other costs and charges as determined by the Board to be appropriate, if any. Upon satisfaction of such conditions, the Board shall file such executed counterpart of this Agreement as an amendment hereto, effective upon such filing. Upon completion of the foregoing, the Public CCA Agency shall become a Founding Member for all purposes of this Agreement.

Section 3.02 Associate Members. A Public CCA Agency will be qualified to join as an Associate Member only if it possesses the power to purchase and sell electric energy and enter into related contracts for such purposes. Public CCA Agencies may be added as Associate Members of CCCFA upon: (1) the filing by such Public CCA Agency with the Board of an executed counterpart of this Agreement, together with a copy of the resolution of the governing body of such Public CCA Agency approving this Agreement and the execution and delivery hereof, and requesting to be added as an Associate Member of CCCFA; (2) the approval at a regular or special meeting of the Board by a majority vote of the Directors in attendance, provided a quorum is established and maintained, and the adoption of a resolution of the Board approving the addition of such Public CCA Agency as an Associate Member; and (3) the deposit with, or the written agreement to pay to, CCCFA a share of organization, planning and other costs and charges as determined by the Board to be appropriate, if any. Upon satisfaction of such conditions, the Board shall file such executed counterpart of this Agreement as an amendment hereto, effective upon such filing. Upon completion of the foregoing, the Public CCA Agency shall become an Associate Member for all purposes of this Agreement.

Section 3.03 Cost Allocations.

- (a) Unless otherwise determined by a two-thirds (2/3) vote of the entire Board, each Member shall pay an equal share of one Member one share for general and administrative costs as determined by the Board associated with all operations of CCCFA. General and administrative costs do not include any costs that relate solely to any specific Prepayment Project Contract.
- (b) The costs of each Prepayment Project shall be allocated solely to the Member or Members undertaking or participating in such Prepayment Project or on whose behalf CCCFA undertakes such Prepayment Project, which allocation shall be described in a Prepayment Project Contract relating to such Prepayment Project.

Section 3.04 Withdrawal or Exclusion of Member.

- (a) Any Member may withdraw from CCCFA upon the following conditions:
 - (i) The Member shall have filed with the Board Secretary a certified copy of a resolution of its governing body expressing its desire to so withdraw. If a Founding Member files a resolution to withdraw with the Board Secretary, that Founding Member no longer has any voting rights on the Board;
 - (ii) Members undertaking or participating in Prepayment Projects or on whose behalf CCCFA undertakes a Prepayment Project shall remain subject to the cost allocation, participation and withdrawal terms and conditions, as applicable, set forth in the applicable Prepayment Project Contract; and
 - (iii) Prior to the Board accepting the Member's filing of such resolution, any Member so terminating shall be obligated to pay its share of general and administrative costs then due. However, this obligation shall take into account any refunds due to the Member and shall not extend to debts, liabilities and obligations of CCCFA. The debts, liabilities and obligations of CCCFA shall not constitute debt, liabilities or obligations of any Member.
 - (iv) No such withdrawal shall, or shall be permitted if it would, result in (a) CCCFA having fewer than three Founding Members; or (b) the dissolution of CCCFA so long as any Bonds remain outstanding under any resolution, indenture, trust agreement or other instrument pursuant to which such Bonds are issued or incurred.
- (b) Upon compliance with the conditions specified in Section 3.04(a), the Board shall accept the withdrawing Member's resolution and the withdrawing Member shall no longer be considered a Member for any reason or purpose under this Agreement and its rights and obligations under this Agreement shall terminate. The withdrawal of a Member shall not affect any obligations of such Member under any Prepayment Project Contract or other program agreement.
- (c) Any Member which has (i) defaulted under this Agreement, a Prepayment Project Contract, or other program agreement, (ii) if such Member is a Founding Member, failed to appoint a Director to serve on the Board in accordance with Section 4.02 below, or (iii) failed to pay any required share of costs in accordance with Sections 3.01, 3.02, and 3.03 above, may have its rights under this Agreement terminated and may be excluded from participation in CCCFA by the vote (taken at a regular or special meeting of the Board) of at least two-thirds (2/3) of the entire Board (including the Director representing the defaulting Member, if such Member is a Founding Member). Prior to any vote to terminate participation of any Member, written

notice of the proposed termination and the reason(s) for such termination shall be delivered to the Member whose termination is proposed at least 60 days prior to the Board meeting at which such matter shall first be discussed as an agenda item. The written notice of the proposed termination shall specify the particular provisions of this Agreement or a Prepayment Project Contract or other program agreement which the Member has allegedly defaulted on, or whether the proposed termination is based on failure to appoint a Director (if such Member is a Founding Member) or pay any required share of costs. The Member subject to possible termination shall have the opportunity to cure the violation prior to the meeting at which termination will be considered. At the meeting where termination of the Member is considered, the Member shall be given the opportunity to respond to any reasons and allegations that may be cited as a basis for termination prior to a termination vote. Any excluded Member shall continue to be liable for its obligations under any Prepayment Project Contract or other program agreement and for any unpaid contribution, payment, or advance approved by the Board prior to such Member's exclusion. No such termination shall, or shall be permitted if it would, result in (a) CCCFA having fewer than three Founding Members; or (b) the dissolution of CCCFA so long as any Bonds remain outstanding under any resolution, indenture, trust agreement or other instrument pursuant to which such Bonds are issued or incurred.

- (d) The withdrawal or termination of a Member shall not affect the provisions or obligations set forth in Article VIII or Section 11.04 below.

Section 3.05 Contributions and Advances. Contributions or advances of public funds and of personnel, equipment or property may be made to CCCFA by any Member for any of the purposes of this Agreement. Payment of public funds may be made to defray the cost of such purpose. Any such advance shall be made subject to repayment, and shall be repaid in the manner agreed upon by such Member and CCCFA at the time of making such advance. It is mutually understood and agreed that no Member is under any obligation to make advances or contributions to CCCFA to provide for the costs and expenses of administration of CCCFA, even though any Member, in its sole discretion, may do so. Any Founding Member may allow the use of personnel, equipment or property in lieu of other contributions or advances to CCCFA.

Article IV. POWERS OF BOARD & MANAGEMENT OF CCCFA

Section 4.01 Board. CCCFA shall be administered by a Board which shall consist of one Director representing each Founding Member. Such Board shall be the governing body of this CCCFA, and, as such, shall be vested with the powers set forth in this Agreement, and shall execute and administer this Agreement in accordance with the purposes and functions provided herein. The Board shall have the authority to provide for the general management and oversight of the affairs, property and business of CCCFA.

Section 4.02 Appointment and Vacancies. Each Director shall be the Chief Executive Officer, General Manager, Executive Director, or designee of the Chief Executive Officer, General Manager, or Executive Director, of each Founding Member and shall be appointed by and serve at the pleasure of the Founding Member that the Director represents, and may be removed as Director by such Founding Member at any time. If at any time a vacancy occurs on the Board, a replacement shall be appointed by the Founding Member to fill the position of the previous Director in accordance with the provisions of this Article IV within 60 days of the date that such position becomes vacant or the Founding Member shall be subject to the exclusion procedures in Section 3.04(c) above. Each Director may appoint an alternate to serve in their absence.

Section 4.03 Notices. The Board shall comply with the applicable provisions of Sections 6503.5, 6503.6 and 53051 of the Government Code requiring the filing of notices and a statement with the Secretary of State and the State Controller.

Section 4.04 Committees. The Board may create committees to provide advice to the Board or conduct the business of CCCFA subject to delegation of authority from the Board as permitted in the bylaws and any applicable laws.

Section 4.05 Director Compensation. Compensation for work performed by Directors, including alternates, on behalf of CCCFA shall be borne by the Founding Member that appointed the Director. The Board, however, may adopt by resolution a policy relating to the reimbursement of expenses incurred by Directors.

Section 4.06 Board Officers. At its first meeting in every second calendar year, the Board shall elect or re-elect a Chair and a Vice-Chair, each of whom shall be selected from among the Directors and shall also appoint or re-appoint a Secretary, and a Treasurer/Controller, each of whom may, but need not, be selected from among the Directors.

- (a) **Chair and Vice-Chair.** The duties of the Chair shall be to preside over the Board meetings, sign all ordinances, resolutions, contracts and correspondence adopted or authorized by the Board, and to help ensure the Board's directives and resolutions are carried out. In the absence or inability of the Chair to act, the Vice Chair shall act as Chair.
- (b) **Treasurer/Controller.** The Board shall appoint a qualified person to act as the Treasurer/Controller, who does not need to be a Director. Where a certified public accountant has been designated as Treasurer/Controller of CCCFA, the auditor of one of the Founding Members or of a county in which one of the Founding Members is located shall be designated as auditor of CCCFA. Subject to the provisions of any resolution, indenture, trust agreement or other instrument providing for a trustee or other fiscal agent in connection with any Bonds, and, except as may otherwise be specified by resolution of CCCFA, the Treasurer/Controller shall be the depository of CCCFA to have custody of all the money of CCCFA, from whatever source, and, as such, shall have the powers, duties and responsibilities specified in Section 6505.5 of the Government Code. The Treasurer/Controller is hereby designated as the public officer or person who has charge of, handles, or has access to any property of CCCFA, and such officer shall file an official bond in an amount determined from time to time by the Board as required by Section 6505.1 of the Government Code. The Treasurer/Controller shall cause an independent audit to be made by a certified public accountant, or public accountants, in compliance with Section 6505 of the Government Code. The Treasurer/Controller shall also create or caused to be created a report in writing on the first day of each fiscal quarter to CCCFA and each Founding Member, which report shall describe the amount of money held by the Treasurer/Controller, the amount of receipts since the last such report, and the amount paid out since the first such report.
- (c) **Secretary.** The Secretary shall be responsible for keeping the minutes of all meetings of the Board and all other official records of CCCFA, and responding to public records requests of the JPA.

Section 4.07 Management of CCCFA. The Board may appoint a part-time or full-time General Manager, and may appoint one or more part-time or full-time Assistant General Managers, to serve at the pleasure of the Board. If a General Manager has been appointed, the General Manager shall be responsible for the day-to-day operation and management of CCCFA. If no General Manager shall have been appointed, the Treasurer/Controller shall be responsible for the day-to-day operation and management of CCCFA. The General Manager, if any, and the Treasurer/Controller may each enter into and execute contracts in accordance with the policies established and direction provided by the Board, and shall file an official bond in the amount determined from time to time by the Board.

Section 4.08 Other Officers and Employees. The Board shall have the power to appoint such other officers, deputies, legal counsel (which may be the legal counsel to one or more of the Members) and staff as it may deem necessary who shall have such powers, duties and responsibilities as are determined by the Board, and to retain independent accountants, legal counsel, engineers and other consultants. The Founding Members may contract with CCCFA to provide staff to perform services for CCCFA, but such employees shall at all times, and for all purposes including benefits and compensation, remain employees of the Founding Member only.

Section 4.09 Budget. The budget shall be approved by the Board. The Board may revise the budget from time-to-time as may be reasonably necessary to address contingencies and expected expenses. All subsequent budgets of CCCFA shall be approved by the Board in accordance with rules as may be adopted by the Board from time to time. All expenditures must be made in accordance with the adopted budget.

Section 4.10 Fiscal Year. Unless changed by resolution of the Board, the fiscal year of CCCFA shall be the period from January 1 of each year to and including the following December 31.

Article V. MEETINGS OF THE BOARD

Section 5.01 Regular Meetings. The Board shall hold at least one regular meeting per year, but the Board may provide for the holding of regular meetings at more frequent intervals. The date, hour and place of each regular meeting shall be fixed by resolution of the Board. Regular meetings may be adjourned to another meeting time.

Section 5.02 Special Meetings. Special and emergency meetings of the Board may be called in accordance with the provisions of Government Code Sections 54956 and 54956.5, as amended.

Section 5.03 Brown Act Compliance. All meetings of the Board shall be conducted in accordance with the provisions of the Ralph M. Brown Act (Government Code Section 54950 *et seq.*), and as augmented by rules of the Board not inconsistent therewith. Directors may participate in meetings telephonically or by other electronic means, with full voting rights, to the extent permitted by law.

Section 5.04 Minutes. The Secretary shall cause to be kept minutes of the meetings of the Board, both regular and special, and shall cause a copy of the minutes to be forwarded promptly to each Director.

Section 5.05 Quorum. A quorum of the Board shall consist of a majority of the Directors, except that less than a quorum may adjourn from time to time in accordance with law.

Section 5.06 Voting. Each Founding Member shall have one vote, which may be cast on any matter before the Board by each Director or alternate. Except to the extent otherwise specified in this Agreement, or by law, a vote of the majority of the Directors in attendance shall be required and sufficient to constitute action, provided a quorum is established and maintained.

(a) Special Voting Requirements as specified in this Agreement:

- (i)** Action of the Board on the matters set forth in Section 3.01 related to addition of Founding Members shall require the affirmative vote of at least two-thirds (2/3) of the Entire Board.
- (ii)** Action of the Board on the matters set forth in Section 3.04(c) related to involuntary termination of a Member shall require the affirmative vote of at least two-thirds (2/3) of the entire Board.

- (iii) Action of the Board on the matters set forth in Section 9.01 related to termination of this Agreement shall require the affirmative vote of at least two-thirds (2/3) of the entire Board approved by resolution of each Founding Member's governing body.
- (iv) Action of the Board to amend any other provision of this Agreement shall be subject to the voting requirements set forth in Section 11.03 below.

Section 5.07 Rules and Regulations. CCCFA may adopt, from time to time, by resolution of the Board such bylaws, policies or rules and regulations for the conduct of its meetings and affairs as may be required.

Article VI. PREPAYMENT PROJECTS

Section 6.01 Prepayment Projects. The Board has the power, upon majority vote of the Directors in attendance, provided a quorum is established and maintained, to approve the application of any Member for the undertaking, financing, or refinancing of any Prepayment Projects within the purpose and power of CCCFA and to adopt guidelines for their implementation.

Section 6.02 Prepayment Project Contract. The costs and other expenses of each Prepayment Project, including without limitation applicable administrative costs of CCCFA with respect to the Prepayment Project, shall be allocated solely to the Member or Members undertaking or participating in such Prepayment Project or on whose behalf CCCFA undertakes such Prepayment Project, which allocation shall be described in a Prepayment Project Contract relating to such Prepayment Project, which will be separate and distinct from this Agreement.

Article VII. BONDS AND OTHER INDEBTEDNESS

In addition to the other powers conferred on CCCFA by this Agreement, CCCFA shall have the power to issue, incur, sell and deliver Bonds in accordance with the provisions of the Act and other applicable laws for the purpose of acquiring, undertaking, financing, or refinancing one or more Prepayment Projects. The terms and conditions of the issuance or incurrence of any such bonds or indebtedness shall be set forth in a resolution, indenture trust agreement, or other instrument pursuant to which the Bonds are issued or incurred, as required by law and as approved by the Board. CCCFA's debts, liabilities and obligations with respect to Bonds issued or incurred under this Agreement and contracts or obligations entered into to carry out the purposes for which Bonds are issued or incurred, shall not constitute a debt, liability or obligation of any of the Members.

Any Bonds issued or incurred by CCCFA shall not constitute general obligations of CCCFA, but shall be payable solely from the moneys pledged to the payment of principal of or interest on such Bonds under the terms of the resolution, indenture, trust agreement or other instrument pursuant to which the Bonds are issued or incurred.

Article VIII. LIMITATION ON LIABILITY OF MEMBERS

Section 8.01 Pursuant to Section 6508.1 of the Government Code, no debt, liability or obligation of CCCFA shall be a debt, liability or obligation of any Member. Nothing contained in this Article VIII shall in any way diminish the liability of any Member with respect to any Prepayment Project Contract such Member enters into pursuant to this Agreement.

Section 8.02 Notwithstanding anything to the contrary in this Agreement or otherwise, CCCFA shall not have the power to and shall not enter into any retirement contract with any public retirement system (as defined in Section 6508.1 of the Government Code) for any reason. The provision in this paragraph is intended to

benefit Members and to be a confirming, irrevocable obligation of CCCFA which may be enforced by Members individually or collectively.

Article IX. TERM; TERMINATION; LIQUIDATION; DISTRIBUTION

Section 9.01 Term and Termination. This Agreement shall become effective when at least three Founding Members execute this Agreement. This Agreement shall continue in full force and effect until terminated as provided in this Article; *provided, however*, this Agreement cannot be terminated while either (a) any Bonds of CCCFA remain outstanding under the terms of the resolution, indenture, trust agreement or other instrument pursuant to which such Bonds are issued or incurred, or (b) CCCFA is the owner, lessor or lessee of any real or personal property financed from the proceeds of any Bonds. This Agreement may be terminated by a two-thirds (2/3) vote of the entire Board that is approved by resolution of each Founding Member's governing body; *provided, however*, that this Agreement and CCCFA shall continue to exist after termination for the purpose of disposing of all claims, distribution of assets and all other functions necessary to conclude the obligations and affairs of CCCFA. In any event, CCCFA shall cause all records regarding its formation, existence, the Prepayment Projects, any Bonds issued or incurred by it and proceedings pertaining to its termination to be retained for at least six years (or as otherwise required by law) following termination of CCCFA or final payment of any Bonds issued or incurred by CCCFA, whichever is later.

Section 9.02 Liquidation; Distribution. Upon termination of this Agreement, the Board shall liquidate the business and assets and the property of CCCFA as expeditiously as possible, and distribute any net proceeds, after the conclusions of all debts and obligations of CCCFA, to any Members in proportion to the contributions made or in such manner as otherwise provided by law. The Board is vested with all powers of CCCFA for the purpose of concluding and dissolving the business affairs of CCCFA. Notwithstanding the foregoing, no dissolution of CCCFA shall be permitted while either (a) any Bonds of CCCFA remain outstanding, or (b) CCCFA is the owner, lessor or lessee of any real or personal property financed from the proceeds of any Bonds.

ARTICLE X. ACCOUNTS AND REPORTS

Section 10.01 Establishment and Administration of Funds. CCCFA is responsible for the strict accountability of all funds and reports of all receipts and disbursements. It will comply with every provision of law relating to the establishment and administration of funds, including without limitation Section 6505 of the Government Code. CCCFA shall establish and maintain such funds and accounts as may be required by good accounting practice or by any provision of any resolution, indenture or other instrument of CCCFA securing its bonds or other indebtedness, except insofar as such powers, duties and responsibilities are assigned to a trustee appointed pursuant to such resolution, indenture or other instrument. The books and records of CCCFA shall be open to inspection at all reasonable times to each Member and its representatives.

Section 10.02 Annual Audits and Audit Reports. The Treasurer/Controller shall cause an annual independent audit of the accounts and records of CCCFA to be made by a certified public accountant or public accountant in accordance with all applicable laws. If permitted by applicable law and authorized by the Board, the audit(s) may be conducted at the longer interval authorized by applicable law. A report of the financial audit will be filed as a public record with each Member not later than 270 days after the close of the fiscal year or fiscal years under examination. CCCFA will pay the cost of the financial audit and charge the cost against the Members in the same manner as other administrative costs.

ARTICLE XI. GENERAL PROVISIONS

Section 11.01 Conflict of Interest Policy. CCCFA, unless otherwise exempt, shall adopt a conflict of interest policy as required under applicable laws of the State of California. Counsel to CCCFA for financing

matters, including bond counsel, shall not be considered a consultant or other designated position for purposes of the conflict of interest policy.

Section 11.02 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the successors of the parties. Except to the extent expressly provided herein, neither a Member nor CCCFA may assign any right or obligation under this Agreement without the consent of all other Members.

Section 11.03 Amendments. Subject to any requirements of law, a two-thirds (2/3) vote of the entire Board will be required to amend Articles II, III, VIII, and IX of this Agreement, and an amendment of Section 8.02 and Section 11.03 of this Agreement shall require an affirmative vote of the entire Board. Once an amendment of Articles II, III, VIII, or IX is adopted by the Board, the amendment must be approved by two-thirds of the Founding Members pursuant to each Founding Member's applicable approval process, and an amendment of Section 8.02 and Section 11.03 of this Agreement shall require an affirmative vote of all Founding Members pursuant to each Founding Member's applicable approval process. All other provisions of this Agreement may be amended at any time or from time to time by an amendment approved by at least two-thirds (2/3) vote of the entire Board. Written notice shall be provided to all Members of proposed amendments to this Agreement, including the effective date of such amendments, at least thirty (30) days prior to the date upon which the Board votes on such amendments. Each Member hereby agrees to take any actions necessary on its part to approve any amendment adopted pursuant to this Section 11.03, and if any Member fails to perform any such actions, such Member shall be deemed to have submitted a resolution of withdrawal pursuant to the provisions of Section 3.04 hereof.

Notwithstanding the foregoing, this Agreement shall not terminate while any Bonds of CCCFA remain outstanding under the terms of the resolution, indenture, trust agreement or other instrument pursuant to which such Bonds are issued or incurred.

Section 11.04 Indemnification and Insurance. To the fullest extent permitted by law, CCCFA shall defend, indemnify, and hold harmless the Members and each Director, alternate, officer, employee and agent from any and all claims losses damages, costs, injuries and liabilities of every kind arising directly or indirectly from the conduct, activities, operations, acts, and omissions of CCCFA under this Agreement to the extent not otherwise provided under a Prepayment Project Contract. CCCFA shall acquire such insurance coverage as the Board deems is necessary and appropriate to protect the interests of CCCFA and the Members.

Section 11.05 Waiver of Personal Liability. No member, director, commissioner, officer, agent or employee of CCCFA or the Members, respectively, past, present or future, shall be individually or personally liable for the observance or performance of any terms, conditions or provisions hereof or for any claims, losses, damages, costs, injury and liability of any kind, nature or description arising from the actions of CCCFA or the actions undertaken pursuant to this Agreement; provided, however, that nothing herein shall relieve any such person from the performance of any official duty provided hereby or by applicable provision of law.

Section 11.06 Limitation of Rights. All of the covenants, agreements, terms and conditions in this Agreement to be observed or performed by or on behalf of CCCFA or the Members shall be for the sole and exclusive benefit of CCCFA and the Members, whether so expressed or not, and nothing contained herein, express or implied, is intended to or shall give any other person other than CCCFA and the Members any legal or equitable right, remedy or claim hereunder.

Section 11.07 Notices. The Board shall designate its principal office as the location at which it will receive notices, correspondence, and other communications, and shall designate one of its Directors or staff as an officer for the purpose of receiving service of process on behalf of CCCFA. Any notice given pursuant to this Agreement shall be in writing and shall be dated and signed by the Member giving such notice. Notice to each Member under this Agreement is sufficient if mailed to the Member, and separately to the Director appointed by such Founding Member, to their respective addresses on file with CCCFA.

Section 11.08 Severability. Should any portion, term, condition, or provision of this Agreement be determined by a court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or be otherwise rendered unenforceable or ineffectual, the remaining portions, terms, conditions, and provisions shall not be affected thereby.

Section 11.09 Section Headings. The section headings herein are for convenience only and are not to be construed as modifying or governing the language in the section to which they refer.

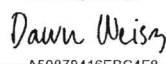
Section 11.10 Choice of Law. This Agreement will be governed and construed in accordance with the laws of the State of California.

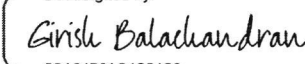
Section 11.11 Counterparts. This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument and as if all Members had signed the same instrument.

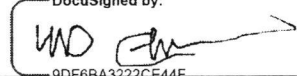
Section 11.12 Dispute Resolution. The Members shall make reasonable efforts to informally settle all disputes arising out of, or in connection with, this Agreement. Should such informal efforts to settle a dispute fail, the dispute shall be mediated in accordance with policies and procedures established by the Board. In the event such mediation fails to settle a dispute, the parties may pursue any remedies provided by law.


[Signature Page Follows]

IN WITNESS WHEREOF, each Member hereto has caused this Agreement to be executed as an original counterpart by its duly authorized representative on the date indicated below.

DocuSigned by:
By: 
A59878416EBG4F8...
Name: Dawn Weisz
Title: CEO
CCA Name: MCE
Date: June 25, 2021

DocuSigned by:
By: 
5CA64B9AC4C24C3...
Name: Girish Balachandran
Title: CEO
CCA Name: Silicon Valley Clean Energy
Date: June 25, 2021

DocuSigned by:
By: 
9DF6BA3222CE44F...
Name: Nick Chaset
Title: CEO
CCA Name: East Bay Community Energy
Date: June 25, 2021

DocuSigned by:
By: 
69C25377448R497...
Name: Tom Habashi
Title: CEO
CCA Name: central coast community energy
Date: June 25, 2021

IN WITNESS WHEREOF, each Member hereto has caused this Agreement to be executed as an original counterpart by its duly authorized representative on the date indicated below.

E-SIGNED by Donald Eckert

By: on 2022-09-02 12:27:33 PDT

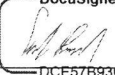
Name: Donald Eckert

Title: Executive Director

CCA Name: Pioneer Community Energy

Date: September 02, 2022

IN WITNESS WHEREOF, each Member hereto has caused this Agreement to be executed as an original counterpart by its duly authorized representative on the date indicated below.

By:  DocuSigned by:
DC57B93CTDA48A...
Name: Ted Bardacke
Title: Chief Executive Officer
CCA Name: Clean Power Alliance of Southern California
Date: 9/6/2022

IN WITNESS WHEREOF, each Member hereto has caused this Agreement to be executed as an original counterpart by its duly authorized representative on the date indicated below.

By: Jari Mitchell

Name: Lori Mitchell

Title: Director, Energy

CCA Name: City of San José

Date: 6/17/2024

IN WITNESS WHEREOF, each Member hereto has caused this Agreement to be executed as an original counterpart by its duly authorized representative on the date indicated below.

By: *Shawn Marshall* _____


Name: Shawn Marshall _____

Title: Chief Executive Officer _____

CCA: Name: Peninsula Clean Energy _____

Date: 8/23/24 _____

IN WITNESS WHEREOF, each Member hereto has caused this Agreement to be executed as an original counterpart by its duly authorized representative on the date indicated below.

By: 
Eric Washington (Oct 16, 2024 15:14 PDT)

Name: Dr. Eric W. Washington

Title: Chief Financial Officer

CCA Name: San Diego Community Power

Date: October 16, 2024

IN WITNESS WHEREOF, each Member hereto has caused this Agreement to be executed as an original counterpart by its duly authorized representative on the date indicated below.

By:  _____

Name: Geof Syphers

Title: Chief Executive Officer

CCA Name: Sonoma Clean Power Authority

Date: October 17, 2024

IN WITNESS WHEREOF, each Member hereto has caused this Agreement to be executed as an original counterpart by its duly authorized representative on the date indicated below.

By:  _____

Name: Mitch Sears

Title: Executive Officer

CCA Name: Valley Clean Energy Alliance

Date: October 16, 2024

IN WITNESS WHEREOF, each Member hereto has caused this Agreement to be executed as an original counterpart by its duly authorized representative on the date indicated below.

Signed by:
Joseph M. Mosca
By: _____
DF677304A3D442A...
Name: Joseph M. Mosca
Title: Chief Executive Officer
CCA Name: Orange County Power Authority
Date: 1/28/2026



California Community Choice
Financing Authority

**SUMMARY OF POLICIES AND PROCEDURES FOR
THE ISSUANCE OF RENEWABLE ENERGY
PREPAYMENT BONDS**

**CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY
SUMMARY OF POLICIES AND PROCEDURES FOR THE ISSUANCE OF
RENEWABLE ENERGY PREPAYMENT BONDS**

I. Introduction

- A. General Information. California Community Choice Financing Authority (CCCFA) was established to act as a conduit issuer of revenue bonds (Prepayment Bonds) for California community choice aggregators (CCAs) for the financing of prepayments for long-term renewable energy supplies. CCCFA is a joint powers agency organized and existing under the Joint Exercise of Powers Act (Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the California Government Code, as amended and supplemented), and has the power and authority to issue Prepayment Bonds and to sell the electricity acquired with the proceeds of the Prepayment Bonds to the participating CCA, and to undertake certain related transactions. CCCFA's sole members are CCAs, and membership in CCCFA is required for CCCFA to act as a conduit issuer for a CCA, as further described herein.
- B. Purpose of the Policies and Procedures. This summary of policies and procedures have been developed by CCCFA staff to provide a general guide to the process and procedures involved with the issuance of Prepayment Bonds by CCCFA and to provide links to forms of certain key documents or document provisions. This summary is for informational purposes only and does not supersede any CCCFA Board-approved policy or procedure.
- C. Information regarding meetings. Certain CCCFA Board approvals are necessary for the addition of a new CCA member and to approve documents and transaction parameters for the issuance of Prepayment Bonds by CCCFA. More than one meeting may be required, depending on related CCA approvals and status of documents to be approved by CCCFA. Set forth below is general information relating the CCCFA Board's meeting schedule and attendance.
1. CCCFA regular Board meetings are held the fourth Thursday of each month from January through October, and the first Thursday of December at 1:00 p.m. Agenda items must be approved by the Treasurer/ Controller's working group, which meets on the second Monday of each month. All approved agenda materials are due to the Clerk the Friday before the regular Board meeting.

2. CCCFA Board meetings are generally accessible in person at noticed locations and remotely via teleconferencing as provided in CCCFA's regular meeting agenda.

D. Joint Powers Agreement. Each CCA that joins CCCFA is required to become a party to CCCFA's Joint Powers Agreement.

The Joint Powers Agreement may be accessed here: CCCFA.org/key-documents.

II. Membership in CCCFA

A. Associate Membership Required for the Issuance of Prepayment Bonds. CCCFA requires that a CCA join CCCFA as an Associate Member for CCCFA to issue Prepayment Bonds for the CCA. To join CCCFA, the CCA's Board of Directors must approve such membership by resolution and the execution and delivery of the CCCFA Joint Powers Agreement, pay an initial membership fee of \$50,000, and agree to pay the CCA's equal share of annual costs to CCCFA to cover certain general and administrative expenses of CCCFA not otherwise covered by other fees.

A link to a form of resolution providing for the foregoing is available here: [Appendix A](#).

B. Approval by CCCFA. Following adoption of an approving resolution by the CCA's Board of Directors, a PDF copy of the signed approving resolution should be emailed to CCCFA at:

info@cccfa.org with a copy to David J. Ruderman, General Counsel of CCCFA, at druderman@chwlaw.us

Following receipt, CCCFA will include on the agenda for the next available CCCFA Board meeting the approval of the CCA's membership and the execution of the applicable amendment of the CCCFA Joint Powers Agreement. CCCFA's meeting schedule and deadline for submission of agenda items is provided in paragraph C of Part I of these Policies and Procedures.

- C. Membership Criteria. CCCFA's Board of Directors approved membership criteria on July 25, 2024.

These criteria can be found here: [Appendix B](#).

III. Selection and Engagement of Professionals

- A. Municipal Financial Advisor. Typically, the initial step to be taken by a CCA interesting in pursuing a renewable energy prepayment transaction is the engagement of a financial advisor registered with the Municipal Securities Rulemaking Board and experienced in advising CCAs in connection with such transactions. The CCA determines the process by which its financial advisor is selected, subject to the CCCFA's Prepay Transaction Criteria discussed in Part V.B below.
- B. CCA Counsel; Disclosure Counsel. The CCA selects its legal counsel based on its own criteria and process. Such counsel typically also serves as disclosure counsel to the CCA, responsible for preparing information for investors regarding the CCA and its operations.
- C. Bond Counsel. The role of Bond Counsel is unique to municipal finance. Bond Counsel prepares certain documents, including the Trust Indenture that governs the terms of the Prepayment Bonds, the cash flows, and the security for the payment of the Prepayment Bonds. Bond Counsel also coordinates the delivery of executed transaction documents, certificates and opinions and the closing of the transaction. At closing, Bond Counsel delivers an opinion that the investors rely on that the Prepayment Bonds are validly issued and secured. Bond Counsel is engaged by CCCFA at the request of the CCA, subject to the CCCFA's Prepay Transaction Criteria discussed in Part V.B below.
- D. Tax Counsel. Typically, Bond Counsel also serves as Tax Counsel, providing an opinion (typically included in the Bond Counsel opinion) that the interest on the Prepayment Bonds is tax-exempt. As with Bond Counsel, Tax Counsel is engaged by CCCFA at the request of the CCA, subject to the CCCFA's Prepay Transaction Criteria discussed in Part V.B below.
- E. Other Counsel. Other transaction parties described below select their own counsel.

IV. Selection and Engagement of Transaction Parties

- A. Prepaid Supplier. The CCA selects the Prepaid Energy Supplier using its own process and with the advice of its financial advisor. The Prepaid Energy Supplier receives most of the bond proceeds, who in turn delivers energy to CCCFA during the prepayment period and pays for any energy not delivered or taken. The Prepaid Energy Supplier needs to be an investment grade company and is also responsible for any termination payment which retires the bonds if the transaction is terminated for any reason.

- B. Underwriter. The underwriter of the Prepayment Bonds is a financial institution registered as a municipal securities dealer under applicable federal securities laws and is often an affiliate of the Prepaid Energy Supplier. The underwriter is selected by the CCA, subject to the CCCFA's Prepay Transaction Criteria for new issuances discussed in Part V.B below.

- C. Swap Counterparties. To the extent the transaction includes a commodity swap and/or interest rate swap, the CCA selects the counterparty or counterparties with the advice of its financial advisor. Note that the Prepaid Energy Supplier or a related party cannot serve as commodity swap counterparty under applicable Federal income tax rules.

- D. Trustee. The Trustee is a bank with trust powers that serves as the trustee for the Prepayment Bonds and holds and administers funds under the Trust Indenture. The Trustee is selected by the CCA with CCCFA approval.

- E. Custodian. Cash flows associated with the assignment of power purchase agreements to the transaction and payments and receipts under the commodity swaps, if applicable, are administered by a Custodian. Like the Trustee, the Custodian is a bank with trust powers selected by the CCA with CCCFA approval. The Trustee may also serve as Custodian.

V. Approval, Sale and Issuance of Prepayment Bonds by CCCFA

- A. Approval by CCA of Documents and Transaction Parameters. Once the CCA has joined CCCFA, the documents to which the CCA is a party have been negotiated and are in substantially final form, and the disclosure regarding the CCA and its operations to be included in the offering documents for the Prepayment Bonds is in substantially final form, the CCA Board of Directors will adopt a resolution approving the transaction subject to certain parameters and authorizing the execution and delivery of such documents by the officers of the CCA named in the resolution.
1. The documents to which the CCA is a party generally consist of an energy supply agreement between the CCA and CCCFA relating to the delivery of the prepaid energy at a discounted price, a form of limited assignment agreement relating to the assignment of energy deliveries under certain power purchase agreements of the CCA, a custodial agreement related to the cash flows from the assigned power purchase agreements, and an Operational Services Agreement with CCCFA , as further described in Part IV below.
 2. The CCA resolution must be adopted before or concurrently with the adoption of the Bond Resolution by CCCFA, discussed below.
 3. The transaction parameters contained in the CCA resolution generally include the maximum notional value of the prepaid energy, minimum discount levels for the purchase of such energy by the CCA, and limits on transactions costs to be paid from proceeds of the Prepayment Bonds, all as determined with the advice of the CCA's financial advisor.
- B. Adoption of Bond Resolution by CCCFA. Once the CCA has adopted its approving resolution, the transaction documents to which CCCFA is a party have negotiated and are in substantially final form, and the Preliminary Official Statement related to the offering of the Prepayment Bonds to investors is in substantially final form, CCCFA will, at a regular Board meeting, adopt a Bond Resolution approving the transaction, the issuance of the Prepayment Bonds (subject to the parameters described above) and the execution and delivery of such documents by the officers of CCCFA named in the Bond Resolution, and approving and authorizing the use and distribution of the Preliminary Official Statement.

CCCFA has adopted criteria CCAs must follow for approval of any prepayment

transaction, with additional criteria that apply to a CCA's first issuance. These criteria cover requirements related to the experience and accreditation of the municipal financial advisor, tax, bond and disclosure counsel, and the underwriter. In addition, the CCA must prepare a staff report and a redline of changes to the prepayment documents from CCCFA templates. CCCFA also currently charges a fee of \$20,000 per prepayment transaction, which fee is paid upon closing.

CCCFA's adopted [Prepay Transaction Criteria can be found here.](#)

- C. Pricing of the Prepayment Bonds. Pricing refers to the sale of the Prepayment Bonds to investors and the determination of the price and yield on the Prepayment Bonds pursuant to such sale. The underwriter will review pricing information with the CCA and its financial advisor, and with approval of the CCA, the underwriter and CCCFA will enter into a Bond Purchase Agreement providing for sale and delivery of the Prepayment Bonds to the underwriter for delivery to the investors, subject to certain conditions to closing described below.
- D. Opinions and Closing Certificates. The Bond Purchase Agreement will require the delivery of certain closing certificates and opinions by the parties to the transaction as a condition to the purchase of the Prepayment Bonds by the underwriter.
1. Opinion to be delivered by CCA Counsel. Counsel to the CCA will deliver an opinion relating to the authorization, execution and delivery of the documents to which CCA is a party and certain other matters.
 2. CCA General Counsel Opinion. General counsel to the CCA is expected to deliver an opinion to the effect that there is no pending litigation relating to the CCA that would restrict or impair its ability to execute, deliver and perform its obligations under the transaction documents to which it is a party.
 3. Closing and Incumbency Certificates to be provided by CCA. The CCA will be required to deliver a closing certificate relating to the transaction documents and approvals, no conflicts with other documents, no litigation affecting the transaction or the documents to which the CCA is a party, and certain related matters, as well as an incumbency certificate relating to the incumbency and authority of the officers of the CCA executing the

documents to which the CCA is a party and providing specimen signatures of such officers.

4. Tax Certificate to be provided by CCA. The CCA will also be required to deliver a certificate as to certain federal income tax matters relating primarily to the use of the prepaid energy to be purchased by the CCA pursuant to the transaction. Tax Counsel will rely on the certificate of the CCA in connection with the delivery of its opinion as to the tax-exemption of the interest on the Prepayment Bonds.

VI. Project Administration

- A. Operational Services Agreement. To provide for the the CCA's control of certain matters under the prepaid energy agreement and other documents to which CCCFA is a party but the CCA is not, CCCFA and the CCA will enter into an Operational Services Agreement providing for CCCFA to take direction from the CCA with respect to such matters.
- B. Operating Expenses. Under the Operational Services Agreement, the CCA will agree to pay to CCCFA amounts necessary to pay operating expenses of the prepayment transaction, if any, in excess of the amounts budgeted and payable from transaction revenues under the Trust Indenture, as further described below.

VII. Continuing Disclosure

- A. Obligation to Provide Annual Financial and Operating Information and Notice of Certain Material Events. In connection with the issuance of the Prepayment Bonds, CCCFA is required under federal securities law to enter into an agreement to provide to a central repository operated by the Municipal Securities Rulemaking Board (referred to as Electronic Municipal Market Access, or EMMA) certain annual financial and operating information as well as notice of certain material events relating to the Prepayment Bonds.
- B. CCA Obligations. In addition to the description of the CCA and its operations, the most recent annual audited financial statements of the CCA are included in the Preliminary Official Statement and final Official Statement for the Prepayment Bonds. The continuing disclosure undertaking of CCCFA described above will include the requirement to file certain updated operating information of the CCA

and the most recent audited financial statements of the CCA in its annual filings with EMMA.

CCCFA facilitates regular trainings regarding its and the CCAs' continuing disclosure obligations regarding Prepayment Bonds. Responsible CCA staff members are expected to attend such trainings and stay up-to-date with obligations imposed by the federal securities laws.

- C. Disclosure Agent. In connection with the issuance of the Prepayment Bonds, CCCFA will engage a disclosure agent to collect and file the required annual information and notices of material events with EMMA, and the fees and expenses of the disclosure agent will be payable as an operating expense of the transaction, described below.

VIII. Credit Ratings and Green Bond Designation

- A. Credit Ratings. The Prepayment Bonds will be rated by one or more credit rating agencies selected by the CCA with the advice of its financial advisor and the underwriter of the Prepayment Bonds. The rating on the Bonds will be a structured rating based on the credit of the Prepaid Energy Supplier (or its guarantor), not the credit of the CCA or CCCFA. Initial fees of the credit rating agency or agencies are payable by the CCA and reimbursed from proceeds of the Prepayment Bonds at closing. On-going rating maintenance fees are payable from revenues of the transaction as an operating expense, as further described below.
- B. Green Bond Designation. Generally the CCA will elect to have the Prepayment Bonds designated as "green bonds" (or similar designation) by a third party selected by the CCA with the advice of its financial advisor. Initial fees of such party are payable by the CCA and reimbursed from proceeds of the Prepayment Bonds at closing. Any on-going fees of such party are payable from revenues of the transaction as an operating expense.

IX. Costs and Expenses

- A. Costs of Issuance. Certain costs and expenses (such as underwriter's discount, fees and expenses of counsel to the CCA, CCCFA and certain other parties, initial fees and expenses of the Trustee and Custodian) are permitted to be paid from proceeds of the Prepayment Bonds as costs of issuance.

- B. Operating Expenses. On-going transaction costs and expenses, such as annual fees of the Trustee and Custodian, rating agencies, etc. are budgeted and paid from revenues as operating expenses of the transaction under the Trust Indenture. Any such operating expenses in excess of those budgeted are payable by the CCA under the terms of the Operational Services Agreement, as described in Part VI above.

- C. Other Expenses. Other costs and expenses of CCCFA not related to a particular transaction are payable from the annual membership dues payable by each CCA member to CCCFA.

[MODEL ASSOCIATE MEMBER RESOLUTION]

RESOLUTION OF THE [GOVERNING BODY] OF [AGENCY] TO APPROVE AND AUTHORIZE THE EXECUTION OF A JOINT POWERS AGREEMENT PROVIDING [AGENCY] ASSOCIATE MEMBERSHIP TO THE CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY TO ISSUE MUNICIPAL BONDS FOR ENERGY PREPAY TRANSACTIONS

WHEREAS, the pursuit of an energy prepayment on a tax advantaged basis enables a meaningful power procurement cost savings opportunity in which [AGENCY] can utilize its tax-exempt status to access the municipal bond market to prepay existing energy supply contracts at a discounted rate;

WHEREAS, long-term power prepay transactions utilize the municipal bond market and therefore [AGENCY] requires a bond issuing entity to participate;

WHEREAS, the California Community Choice Financing Authority (“CCCFA”) is a joint exercise of powers agency established under California Government Code section 6500 et seq. (the “JPA Law”) and a Joint Powers Agreement (the “CCCFA Joint Powers Agreement”) among various California Community Choice Aggregators (“CCAs”) for the purpose of undertaking the financing and refinancing of energy prepayments that can be financed with tax advantaged bonds on behalf of one or more of its members by, among other things, issuing or incurring bonds and entering into related contracts;

WHEREAS, [AGENCY] is a community choice aggregator, as such term is defined in Section 331.1 of the Public Utilities Code of the State of California (the “Public Utilities Code”), that is a public agency, as such term is defined in the JPA Law, which has implemented a CCA program pursuant to Section 366.2 of the Public Utilities Code, and possesses the power to purchase and sell electric energy and enter into related contracts for such purposes and, therefore, [AGENCY] is eligible to become a member of CCCFA under the CCCFA Joint Powers Agreement;

WHEREAS, for CCCFA to finance or refinance energy prepayments and issue bonds on behalf of [AGENCY], [AGENCY] must become an associate member of CCCFA;

WHEREAS, [AGENCY] has determined that CCCFA is the best-fit least-cost option for a bond issuing entity to enable [AGENCY] to participate in one or more energy prepayment transactions and therefore [AGENCY] desires to become an associate member of CCCFA;

WHEREAS, to become an associate member of CCCFA, the [GOVERNING BODY] of [AGENCY] must file an executed counterpart of the CCCFA Joint Powers Agreement with CCCFA, together with a copy of the resolution of the [GOVERNING BODY] of [AGENCY] approving the CCCFA Joint Powers Agreement and the execution and delivery hereof, and requesting to be added as an Associate Member of CCCFA and [AGENCY] must further agree in writing to pay CCCFA a share of organization, planning and other costs and charges as determined by the Board of CCCFA to be appropriate, if any;

WHEREAS, on March 11, 2022, the CCCFA Board established a new membership entry fee of \$50,000 for a new associate member's portion of organization, planning, and other costs, in addition to each member's equal share of general and administrative costs as determined by the CCCFA Board;

WHEREAS, on December 16, 2022, the CCCFA Board established a transaction fee of \$20,000 to cover the "Prepayment Project" costs as defined in Section 1.11 of the CCCFA Joint Powers Agreement; and

WHEREAS, under the JPA Law and the CCCFA Joint Powers Agreement, CCCFA is a public entity separate and apart from the parties to the CCCFA Joint Powers Agreement, and the debts, liabilities, and obligations of the CCCFA will not constitute debts, liabilities, or obligations of the [AGENCY].

NOW, THEREFORE, BE IT RESOLVED that the [GOVERNING BODY] of [AGENCY] hereby finds, declares, and resolves as follows:

1. The above recitals are true and correct.
2. The CCCFA Joint Powers Agreement on file with the [CLERK/SECRETARY] of the [AGENCY] is hereby approved. The [CHAIRPERSON/EXECUTIVE DIRECTOR/GENERAL MANAGER/ETC.] is authorized and directed, on behalf of the [AGENCY], to execute the CCCFA Joint Powers Agreement, and request that [AGENCY] become an associate member of CCCFA.
3. [AGENCY] hereby agrees to pay CCCFA for its share of organization, planning and other costs and charges as determined by the Board of CCCFA to be appropriate.
4. The officers, employees, and agents of [AGENCY] are hereby authorized and directed, jointly and severally, to execute and deliver any and all documents,

agreements and instruments and to do any and all things which they may deem necessary or advisable to carry out, give effect to and comply with the terms and intent of the CCCFA Joint Powers Agreement and this Resolution.

5. This Resolution shall take effect immediately upon its adoption.

The following Resolution was duly passed by the [GOVERNING BODY] of [AGENCY] at a regular meeting held on [DATE], by the following vote:

Ayes:

Noes:

Absent:

Chair of the [GOVERNING BODY]

Attest:

[SECRETARY/CLERK]

Appendix B



Approved July 25, 2024

CCCFA Membership Criteria

To be eligible to become an Associate Member of CCCFA, one must:

1. Comply with all requirements for associate membership under CCCFA's JPA, including:
 - a. Be a current CCA that is actively serving load in California as required under the CCCFA JPA.
 - b. File a resolution of the applicant's legislative body approving CCCFA's JPA and requesting associate membership.¹
 - c. Receive approval by a majority of CCCFA's Board in attendance as required under the CCCFA JPA.
 - d. File an executed counterpart to the CCCFA JPA with the Board clerk.
 - e. Pay the new member fee and agree to pay ongoing costs for share of CCCFA planning costs, any prepay transaction fee, or any other future fees agreed upon by the Board.
2. Complete the required onboarding process as detailed by CCCFA.²

To be eligible to become a Founding Member of CCCFA, one must:

1. Be an Associate Member of CCCFA.
2. Comply with all requirements for founding membership under CCCFA's JPA, including:
 - a. File a resolution of the applicant's legislative body approving CCCFA's JPA and requesting founding membership.
 - b. Receive approval of two-thirds of the entire CCCFA board as stated in JPA.
 - c. File an executed counterpart to the CCCFA JPA with the Board clerk.
 - d. Pay the new member fee (if 3.b below applies) and agree to pay ongoing costs for share of CCCFA planning costs, any prepay transaction fee, or any other future fees agreed upon by the Board.

¹ CCCFA recommends use of its model resolution for applicants.

² Onboarding documents currently being prepared under contract with Chapman and Cutler.

3. Have either:
 - a. received energy deliveries through a CCCFA prepay transaction for a minimum of one year, or
 - b. employ a Director/Manager-level staff member with at least one year's direct oversight of prepay issuances and prepay operations while employed by a Founding Member CCA.
4. Be in good standing in all compliance related obligations related to the energy prepay transaction, including but not limited to ongoing disclosures, arbitrage rebate reporting and payments, eligible energy deliveries and/or remediation.
5. Designate a CCA full-time employee (at Director/Manager level or above) to serve in the CCCFA Treasurer/Controller working group as an active participant for one year and commit to continued future contributions in the working group.
6. Be current on all CCCFA associated fees and other energy prepay related fees and payments.
7. Must comply with any other transactional requirements as set forth and required by CCCFA.

CCCFA Prepay Transaction Criteria

To be eligible to for approval of a member's first prepay issuance through CCCFA, a member must:

1. Use an underwriter that has previously executed an electricity prepay issuance for a CCA in California
2. Utilize legal counsel to provide advice related to several issues, including but not limited to bonds, tax, disclosures, energy prepay buyer, and energy procurement. Tax counsel, disclosure counsel, and energy prepay buyer counsel must have prior experience with electricity prepay transactions. All legal counsel must be licensed to practice law in California.
3. Employ the services of an MSRB-accredited Municipal Financial Advisor that has previously advised on electricity prepay issuance in California.
4. Prepare the following materials for Board consideration:
 - a. Staff report that summarizes the transaction in addition to the documents the Board must approve.
 - b. Redlines of changes to template prepay documents provided by CCCFA to identify significant changes for Board.
5. Receive approval by a majority of CCCFA's Board in attendance as required under the CCCFA JPA.
6. Pay the transaction fee or any other future fees agreed upon by the Board.
7. Comply with all applicable legal requirements before debt issuance and maintain such compliance throughout the life of the prepay transaction.

To be eligible for approval of a member's second or any subsequent prepay issuance through CCCFA, a member must:

1. Utilize legal counsel to provide advice related to several issues, including but not limited to bonds, tax, disclosures, energy prepay buyer, and energy procurement. All legal counsel must be licensed to practice law in California.
2. Employ the services of an MSRB-accredited Municipal Financial Advisor.
3. Comply with requirements 4 through 7 applicable to approval of a member's first prepay issuance through CCCFA.

ITEM 4C

Desert Community Energy Board
March 23, 2026



STAFF REPORT

Subject: DCE's 2026 Integrated Resource Plan

Contact: Alvaro Valcarcel Jervis, Management Analyst (ajervis@cvag.org)

Recommendation: Information

Background: The Integrated Resource Plan (IRP) is a statutory requirement of the California Public Utilities Commission (CPUC) for all load-serving entities (LSEs), including DCE and other Community Choice Aggregators (CCAs). The purpose of the IRP process is to ensure that California's electricity system meets its greenhouse gas (GHG) reduction targets while maintaining reliability at the lowest possible cost. The IRP is a central component of the State's long-term clean energy strategy, aligning procurement and resource planning with California's climate and reliability objectives. IRPs are generally submitted every two years and include a narrative describing the LSE's procurement strategy as well as quantitative portfolio data submitted through CPUC-required templates.

The IRP serves to demonstrate that DCE has sufficient energy and capacity resources to serve its forecasted load and it also quantifies how its portfolio supports statewide GHG reduction goals. The importance of the IRP process and having coordinated resource planning has increased in recent years given the extreme heat events, electrification of buildings and transportation, and the increased demand from large loads, including data centers.

The last IRP was approved by the Board at its October 2022 meeting and was subsequently filed with the CPUC on November 1, 2022. The CPUC delayed, through a series of actions, any IRP filing for 2024. The original due date for the 2026 IRP filing was November 1, 2025; however, the deadline was postponed due to delays in the Commission's IRP proceeding, first to June 1, 2026, and most recently to August 10, 2026.

As part of the IRP process, each LSE is assigned a retail sales forecast to use for resource planning. DCE staff and its consultants will use this forecast for the assessment of existing and planned resources and evaluate how its portfolio complies with CPUC-assigned emissions and reliability benchmarks. Through this process, LSEs show that their procurement and planning strategies are aligned with California's climate goals, system reliability needs, and cost-effectiveness objectives.

DCE's 2026 IRP will quantify the amount of carbon-free and renewable energy power supply needed to meet California's GHG reduction targets as well as the Board's long-term procurement objectives. The 2026 IRP will be the first to include a strategy for meeting the 2045 requirement for 100 percent of California's retail electricity sales to be served by renewable and other zero-carbon resources. DCE's 2026 IRP will also address how it will procure new resources to support reliability as part of the Mid Term Reliability (MTR) procurement requirements for LSEs.

The 2026 IRP will model portfolios that follow these principles and Board policies:

- For procurement that qualifies as Renewables Portfolio Standard (RPS), DCE's preferred resource types for its Carbon Free product are solar, wind, small hydro, and geothermal with carbon-free technology. Biomass/biogas resources are excluded over concern about carbon emissions.
- DCE only procures non-RPS-qualifying carbon-free energy from existing large hydro generation, or nuclear, not new large hydro.
- DCE prefers to source its green energy from local generation, with preference in the following order: Palm Springs, Riverside County, Southern California, all of California and then in Western Electricity Coordinating Council (WECC) but outside California.
- DCE only uses portfolio content category one (PCC1) renewable energy credits (RECs) or PCC0 RECs from the voluntary allocation market offer process to satisfy RPS requirements. PCC1 is the highest-quality category of RECs, it represents bundled energy and RECs, with renewable electricity physically delivered into California. PCC0 are RECs typically obtained through the Voluntary Allocation Market Offer process (VAMO) or similar regulatory allocations.
- DCE will continue to exceed the State's clean energy targets. As part of the ongoing modelling process for the IRP, DCE staff will evaluate a scenario in which the Carbon Free product is composed of 100% renewable energy, and Desert Saver is composed 100% carbon-free energy beginning in 2030, 15 years ahead of the State's mandate. Additional scenarios will be evaluated to ensure DCE continues to advance its environmental goals, while maintaining rate affordability and cost-effective procurement for customers. Ultimately, only one will be selected as DCE's preferred portfolio for use in CPUC IRP modelling.

DCE procurement efforts will continue to emphasize local projects that will bring local jobs and economic benefits to the community. In addition, the IRP will describe how DCE will procure Resource Adequacy to meet all regulatory requirements for load-serving entities and contribute its fair share to California's grid reliability. The IRP will also provide a public and transparent framework for communicating DCE's resource planning policies, objectives, and long-term strategy to stakeholders. Consistent with CPUC requirements, the IRP will also be available on DCE's website.

Staff will seek the Board's approval of the 2026 IRP before the August 10, 2026 deadline.


Fiscal Analysis: There is no additional cost to this informational update.

In June 2025, the DCE Board authorized the Executive Director to execute an agreement with MRW & Associates, LLC to prepare DCE's IRP. The costs of preparing the IRP are covered under this contract, which was authorized for a not-to exceed amount of \$51,980. Additional resources were provided under existing staff time and the existing contract with The Energy Authority (TEA).

ITEM 5A

**DESERT COMMUNITY ENERGY BOARD
FY 2025-26 ATTENDANCE RECORD**

Voting Members	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE
City of Palm Desert	*	*	✓	*	✓	*	*	*				
City of Palm Springs	*	*	✓	*	✓	*	*	*				

Absent 
No Meeting *

ITEM 5B

Desert Community Energy Board
March 23, 2026



STAFF REPORT

Subject: Conflict of Interest Guidance

Contact: Elysia Regalado, Deputy Clerk, (eregalado@cvag.org)

Recommendation: Information

Background: DCE contracts with the Coachella Valley Association of Governments (CVAG) to provide staffing and administrative duties. Over the years, elected officials serving on CVAG committees and its sister agencies have periodically requested clarification regarding the rules and regulations governing conflicts of interest during voting. This staff report provides a refresher on key requirements to support informed, transparent, and ethical decision-making.

A full guidance memorandum from Best Best & Krieger is included as an attachment. Key highlights are summarized below:

- **Real Property Conflicts:** Ownership of property within 500 feet of a subject parcel creates a presumed conflict of interest. Property located more than 500 feet away may still present a conflict depending on the circumstances.
- **Financial Contributions:** Campaign contributions of **\$500 or more** made within **12 months before or after** a proceeding by an individual or entity involved in the matter constitute a conflict, subject to limited exceptions. Board members must disclose such contributions and abstain from participating in related decisions.
- **Personal Financial Interests:** Board members must recuse themselves if they hold any financial interest that could be affected by the decision, including real property ownership, business investments, personal income, or spousal income.
- **Dual Roles and Service on Other Boards:** Serving in multiple public roles does not automatically require recusal. However, recusal is required when the matter involves real estate negotiations or potential litigation discussed in closed session. Board members are encouraged to be transparent about dual roles to avoid any appearance of bias.
- **Disclosure and Recusal Procedures:** Commissioners must publicly disclose the basis for a conflict of interest and fully recuse themselves, which includes leaving the room during deliberations and refraining from any participation in the item.

Staff also wishes to inform the Board of upcoming changes to the Ralph M. Brown Act that will take effect in 2026. While most of these changes are not expected to apply directly to DCE because it is a joint powers authority, staff will continue to coordinate with legal counsel to ensure the Commission remains compliant with any provisions that do apply. For reference, the Brown Act is available for review at the following link: [Ralph M. Brown Act](#)

Fiscal Analysis: There is no cost to DCE for this informational update

Attachment: Best Best & Krieger 2024 Key Insights Into Open Government & Ethics- *Avoiding Financial Conflicts- Should I Participate in this Decision?*



Avoiding **Financial Conflicts of Interest** — Should I Participate in this Decision?

The Political Reform Act of 1974 (Gov. Code Sections 81000–91014) forms the foundation for California’s financial conflict of interest laws for public officials. The purpose is to cover both actual and apparent conflict of interest situations between a public official’s private interest and their public duties.

The basic rule is that no public official shall make, participate in making, or in any way attempt to use their official position to influence a governmental decision if they know, or have reason to know, that they have a financial interest in the decision.

Who Should Avoid Financial Conflicts of Interest?

All decision-making public officials for local government agencies which includes every member, officer, and employee of a local government agency, as well as consultants to a local agency who meet certain criteria. Public officials may also include members of public agency boards, councils, commissions, and committees with decision-making authority.

If you are a public official who may make, participate in making, or in any way influence a public agency decision, this resource will help determine whether you have a potential financial conflict of interest that has to be addressed.

Do I Have a Financial Conflict of Interest Under the Political Reform Act?

Before making a decision or discussing a future decision of your public agency, try to answer the following questions:

1. Will you be “participating in a decision?”

You are “participating in a decision” of your public agency by doing any of the following:

- **Making an actual decision** — Voting, making an appointment, or taking an action that obligates or commits your public agency.
- **Contributing to the decision-making process** — Making a recommendation or participating in negotiations about the public agency decision.
- **Influencing the decision** — Making your position known, discussing the decision with other agency officials, providing reports, or influencing others (such as staff or consultants) who are involved in the decision-making process.

2. Does the decision affect one or more of your “financial interests?”

A financial conflict of interest can exist if the public agency decision you are participating in affects (positively or negatively) any of your “financial interests” as described in the Act and listed here:

- **Business Interest:** Any for-profit business entity in which you or your immediate family (spouse and dependent children) have a direct or indirect investment worth \$2,000 or more. You also have a financial interest in any business in which you are an employee, manager, officer, director, owner, partner or trustee, regardless of whether you have an investment or receive income from the entity.
- **Source of Gross Income:** A public official has a financial interest in any source of income that is either received by or promised to the official and totals \$500 or more in the 12 months before the decision. Income is very broadly defined as “a payment received” with few exceptions. Examples of income include salary, wage, advance, dividend, interest, rent, proceeds from any sale, gift, loan, forgiveness or payment of debt, or community property interest in income of a spouse. The FPPC regulations make it clear that a conflict of interest results whenever either the amount or the source of an official’s income is materially affected by a decision. Also, a decision that foreseeably will materially affect an official’s employer would generally necessitate a disclosure and disqualification, even if the amount of income received by the official was not affected. Common exclusions from income include loans from commercial lending institutions in the ordinary course of business made on terms available to the general public, campaign contributions, government salaries and benefits, monetary inheritances, and alimony or child support payments.
- **Gift Interest:** Any gift(s) — cash, goods or services — promised or given to you in the past 12 months by a person, business, or other entity totaling \$590 or more in value. The dollar limit is adjusted biennially in odd-numbered years based on the Consumer Price Index (CPI).
- **Real Property Interest:** Any real property interest, including ownership, mortgage, lease, easement or license, or option to acquire such interest in real property, located in the public agency’s jurisdiction owned directly or indirectly by you or your immediate family if the fair market value of the real property interest is \$2,000 or more. Month-to-month tenancies are not considered an interest in real property. Interest in real property also includes a pro rata share of a business entity’s real property or trust in which the public official or immediate family owns, directly or indirectly, a 10 percent interest or greater.

- **Personal Financial Interest:** Any personal expense, income, asset, or liability of you or your immediate family (spouse and dependent children).
- 3. Will the public agency decision have a reasonably foreseeable “material financial effect” on any of your financial interests?**

Participation in a decision that affects your financial interest creates a conflict of interest only if it is reasonably foreseeable (a realistic possibility) and the effect is “material.”

In general, if the financial effect can be recognized as a realistic possibility and more than hypothetical or theoretical, it is reasonably foreseeable. If the financial result can be expected only in extraordinary circumstances not subject to the public official’s control, it is not reasonably foreseeable. In determining whether a governmental decision will have a reasonably foreseeable financial effect on a financial interest other than an interest explicitly involved, described above, the following factors should be considered:

- a. The extent to which the occurrence of the financial effect is contingent upon intervening events.
- b. Whether you should anticipate a financial effect on your financial interest as a potential outcome under normal circumstances when using appropriate due diligence and care.
- c. Whether you have a financial interest that is of the type that would typically be affected by the terms of the governmental decision.
- d. Whether the governmental decision will provide or deny an opportunity, or create an advantage or disadvantage for one of your financial interests, including whether the financial interest may be entitled to compete or be eligible for a benefit resulting from the decision.

This is not an exclusive list of all the relevant facts that may be considered in determining whether a financial effect is reasonably foreseeable.

“Material” means important or significant, and often depends upon whether or not the interest is explicitly involved. For each financial interest you identified as potentially affected by the decision, review the corresponding analysis below to determine whether the effect is material.

- **Business, Source of Income, and Gift Financial Interests — Explicitly Involved:** If your financial interest is explicitly involved (i.e., the subject of or a named party in the decision), the financial effect of the decision on your financial interest is presumed to be material unless you can demonstrate that the decision will not have a financial effect on your financial interest.
- **Business, Source of Income, and Gift Financial Interests — Not Explicitly Involved:** A reasonably foreseeable financial effect on a business entity is material if it results in 1) a change in gross revenues or in the value of assets or liabilities by at least \$1 million or 5 percent of annual gross revenues, or 2) a change in business expenses of \$250,000 or more or of 1 percent of annual gross revenues and the change is at least \$2,500; or if the business entity owns property that is the subject of the decision or would be substantially effected by the decision.
- **Real Property Interest — Explicitly Involved:** When your real property interest is explicitly involved in a public agency decision, the reasonably foreseeable financial effect is presumed material. A real property interest is explicitly involved when the decision includes matters such as the property's zoning, annexation, sale, lease, licensed or permitted use, taxes, fees, or improved services to the property.
- **Real Property Interest — Not Explicitly Involved:** When the real property is not explicitly involved, a decision's reasonably foreseeable financial effect is presumed material if, among other things, any part of the property in which you have a financial interest is within a 500-foot radius of the real property involved in the decision, unless it is clear the decision will not have a measurable impact on your property. If your property is located more than 500 feet, but less than 1,000 feet, from the property line of the property involved in the decision, the financial effect is material if the decision would have certain specified impacts, such as changing the parcel's view, noise or traffic level, development or income-producing potential, best use, character, or market value.

If the real property in which you have a financial interest is 1,000 feet or more from the property involved in the decision, the financial effect of the decision on your real property interest is presumed not to be material unless the specific circumstance of the decision and the nature of your property interest make it reasonably foreseeable that the decision will have a significant financial effect on your real property interest. Factors include the development potential of the property, use of the property, and character of the neighborhood.

- **Real Property Interest — Leasehold Interest:** If you have a leasehold interest in real property as opposed to an ownership interest, your leasehold interest in the property is material if the decision changes the termination date of the lease, affects the potential rental value of the property, changes your actual or legally allowable use of the property, or impacts your use and enjoyment of the property
- **Personal Financial Interest:** The financial effect of a decision on your personal financial interest is material if the decision may result in you or your immediate family member receiving a financial benefit or loss of \$500 or more in any 12-month period due to the decision.

5. Does the decision affect your financial interests differently from the “public generally?”

Even if you answered “yes” to the first three questions, you have a financial conflict of interest only if the decision affects you differently from the public in general. The financial effect of a decision is indistinguishable from its effect on the public generally if you establish that a significant segment of the public is affected and the effect on your financial interest is not unique compared to the effect on the significant segment.

A significant segment of the public is at least 25 percent of:

- **Business Interest —** All businesses or nonprofit entities within your jurisdiction.
- **Real Property Interest —** All real property, commercial real property, or residential real property within your jurisdiction.
- **Individuals —** All individuals within your jurisdiction.

If you are elected to represent a specific district/area in the public agency, your “jurisdiction” is that district/area; otherwise, your jurisdiction is the agency’s jurisdiction.

A significant segment of the public is at least 15 percent of residential property within your agency’s jurisdiction if the only interest you have in the decision is your primary residence.

Specific rules exist for special circumstances involving public service and utility charges, general use or licensing fees, decisions with limited neighborhood effects, rental properties, required representative interests as part of a board or commission membership, states of emergency, and governmental interests.

What Should I Do if a Financial Conflict Exists?

1. Do not participate in the decision.

If you answered “Yes” to all four questions above, you most likely have a financial conflict of interest and you are prohibited from participating in the decision-making process. Do not participate in the discussion or render any opinion or advice, and do not act in any way that might influence the decision.

2. Disclosure and recusal are required.

State law requires you to publicly disclose your financial conflict of interest on the record and excuse yourself from the meeting while the matter is being considered in open session. You generally do not have to excuse yourself on consent calendar items unless the item is pulled, but must publicly disclose the type of your financial interest (i.e., business entity, real property, etc.) that gives rise to the conflict of interest.

3. Do not commit violations of the Political Reform Act (PRA)

Violation of the PRA can result in administrative fines, civil penalties, and criminal sanctions.

Other Conflict of Interest Laws

Two other key financial conflict of interest laws apply to public officials that you may encounter as either a board or council member, public employee, or consultant in the decision-making process:

1. Self-Interested Contracts (Government Code Section 1090)

This key law prohibits you, as a local official or employee, from voting on, discussing, or negotiating a proposed contract or sale with your public agency if you could receive some financial gain or loss from the contract or sale. Even if you abstain as a board or council member, the entire board or council is prohibited from entering into the contract unless an exception applies. Any contract signed by a public agency board or council in violation of Section 1090 is void. The rule is different if you are a decision-making employee not on the board or council. A public agency employee may disclose their financial interest in the public agency contract and be disqualified from any involvement, allowing the board or council to enter the contract legally. Violation of this law will void the contract or sale and may result in permanent forfeiture of office for elected officials. There are limited exceptions to this law that are beyond the scope of this resource.

2. Campaign Contributions (Government Code Section 84308)

If you are a directly elected or appointed public official, this law (known as the Levine Act) prohibits you from participating in proceedings involving licenses, permits, or other entitlements for use that affect a person, business, or other entity from which you have received a campaign contribution of more than \$250 within the preceding 12 months, and requires you to disclose on the record the receipt of any such contribution. In addition, this law prohibits you from accepting campaign contributions of more than \$250 from a party or participant in the proceeding for 12 months after a final decision is rendered in a proceeding.



Conflict in Government Contracts — Government Code **Section 1090**

Generally, government officials or employees with personal financial interests in a government contract cannot participate in or influence the creation of that contract. California Government Code section 1090 (“Section 1090”) prohibits members of the Legislature, state, county, district, judicial district, and city officers or employees (and certain consultants) from having a financial interest in any contract made by them in their official capacity or by any governmental body or board of which they are members.

A contract made in violation of Section 1090 carries with it serious consequences. With certain exceptions for independent contractors, a willful violation is punishable as a felony and the offending person may be banned from office for life. Prosecutors and the Fair Political Practices Commission (FPPC) can sue for civil penalties or impose administrative fines. Contracts made in violation of Section 1090 are void, even when the contract is to the advantage of the government agency. All benefits flowing from the contract obtained by the non-government entity may be restored to the agency (disgorged) without any offset to the other contracting party for goods or services provided.

Members of state or local governing bodies and state or local employees are generally subject to Section 1090. Consultants of an agency may be subject to Section 1090 if they have responsibilities for contracting decisions, act in a “staff capacity,” or are otherwise involved in the making of a government contract unless they fall under the exceptions outlined in Section 1097.6. If you believe that Section 1090 may apply to your situation, you should engage qualified legal counsel to help you navigate these issues.

Do I Have a Disqualifying Conflict of Interest Under Section 1090?

The FPPC is the state body responsible for ensuring that California state and local governments operate ethically under the requirements of the Political Reform Act. The FPPC applies a six-step analysis to determine whether an official or employee has a disqualifying conflict of interest under Section 1090.

1. Is the official or employee subject to the provisions of Section 1090?

All state, county, district, judicial district and city officers and employees are subject to the law. Independent contractors may be subject to Section 1090 as well unless they fall under the exceptions outlined in Section 1097.6, which went into effect on January 1, 2024. Now, independent contractors who enter into a contract with a public agency to perform one phase of a project and seek then to enter into a subsequent contract for a later phase of the same project are not “officers” under Section 1090 if their duties and services related to the initial contract did not include assisting the public agency with any portion of a request for proposals,

request for qualifications, or any other subsequent or additional contract with the agency. However, even if independent contractors assist the public agency with contracting matters, they may enter into a subsequent contract with the public agency for a later phase of the same project so long as: (1) their prior participation during an initial stage of a project was limited to conceptual, preliminary, or initial plans or specifications; and (2) all bidders or proposers for the subsequent contract have access to the same information, including all conceptual, preliminary, or initial plans or specifications.

2. Does the decision or action at issue involve a contract?

One looks to general principles of contract law to determine whether a contract is involved in a process or decision. Sections 1090 and 1097 require that all transactions be viewed in a broad manner and avoid narrow and technical definitions of “contract.” Under this law, “a contract” includes a request for proposal, MOU, construction contract, lease or other real property agreements, purchase orders and agreements, any exchange of goods or services for consideration whether in writing or not and grants of money or property or other things of value. Generally, a contract exists when two or more parties agree to exchange goods or services with the expectation that each will receive something of value in return.

3. Is the official or employee participating in the making of a contract?

“Making a contract” is broadly construed and includes any participation in the making of the contract including, but not limited to involvement in preliminary discussions, negotiations, compromises, reasoning, planning, drawing of plans and specifications, solicitation for bids and other actions. The understanding of “participation” is very broad and requires careful analysis. Also, in relation to a public body, such as a city council or district board, when members of a public board, commission or similar body have the power to execute contracts, each member is presumed to be involved in the making of all contracts by his or her board regardless of whether the member actually participates in the making of the contract. The presence of one person with a financial conflict of interest in a contract prevents the entire body from acting on that contract. Thus, when council or board members are involved, it is irrelevant whether or not they recuse themselves from the decision because the law usually presumes that the official was involved in entering the contract.

4. Does the official or employee have a “financial interest” in the contract?

A person has a financial interest in a contract if he or she might profit or suffer a loss from the contract in any way. Said another way, any kind of financial impact – good or bad – causes a conflicting financial interest. The impact need not even be certain. Although Section 1090 does not specifically define “financial interest,” the term is liberally and broadly construed to include indirect, as well as direct interests. An indirect interest often arises when an official or employee has a business or financial relationship with a person or entity who is contracting with the government entity. A person is conflicted under Section 1090 when their financial interest might in any way prevent the person from exercising absolute loyalty and undivided allegiance to the best interests of the public agency. Any separate, personal interest of an officer or employee in a government-made contract may constitute an indirect interest. An official has a conflict of interest when that official’s spouse has a financial interest in the making of the contract. This is because the law presumes that an official is financially interested in his or her spouse’s income or financial interest.

5. Does either a “remote interest” or non-interest apply?

By law, there are various statutory exceptions to Section 1090’s prohibition against an entire board or agency making a contract. Where the financial interest involved is deemed a “remote interest,” as defined in Section 1091, the contract may be made if: 1) the officer in question discloses his or her financial interest in the contract to the public agency, 2) such interest is noted in the entity’s official records and 3) the officer abstains from any participation in the making of the contract.

Section 1091 provides a list of 16 “remote interests.” These provisions are complex and one should not rely on the application of these exceptions without first consulting with counsel or seeking the advice of the FPPC.

Non-interests apply to all persons covered by Section 1090: Non-interests are set forth in Section 1091.5. There are 13 of these statutory non-interests. In essence, these constitute a legislative recognition that certain financial interests are so remote or speculative as to not require disqualification from participating in the making of a contract, or which are designed to serve or accommodate some other public policy, such as one’s interest in one’s own salary from a government entity or the receipt of public

services. A non-interest means a person is not disqualified from participating in the making of a contract. Some non-interests do still require the official to disclose the interest in the official records. Again, as with “remote interests,” these non-interest exceptions are complex and one should seek the advice of legal counsel or the FPPC before relying on one of these statutory exceptions.

6. Does the Rule of Necessity apply?

The Rule of Necessity applies only to government entities, not individuals. In very limited circumstances, a Rule of Necessity has been applied to allow the making of a contract that Section 1090 would otherwise prohibit. Under the Rule of Necessity, a government agency may acquire an essential good or service in an emergency when to delay the contract would be to the public detriment, or when no source other than that which triggers the conflict is available. When the Rule of Necessity applies, due to a conflict with an official on a multi-member board or body, the interested official must abstain from any participation in the decision.

What Are the Consequences if Section 1090 is Violated?

- With certain exceptions for independent contractors, a willful violation or aiding and abetting a willful violation of Section 1090 is punishable as a felony and carries a sentence of up to three years in state prison and a lifetime ban from holding office.
- A prosecutor or the FPPC can bring a civil action to collect civil fines of up to \$10,000 or three times the amount of the benefit received under the contract.
- The FPPC can impose administrative fines of up to \$5,000 per violation.
- The contract is void and suit may be brought to have the contract declared void.
- All proceeds, payments and profits received or obtained as a result of the contract must be returned to the government entity.
- Because most Section 1090 violations also violate the Political Reform Act’s prohibition against having a financial interest in a governmental decision, the full array of penalties available under that Act also apply, including misdemeanor criminal liability, civil penalties, administrative fines and injunctive relief.

ITEM 5C

Desert Community Energy Board
March 23, 2026



STAFF REPORT

Subject: Summary of January 2026 Rate Adjustment

Contact: Lisa McNeilly, Director of Energy & Sustainability (lmcneilly@cvag.org) and Don Dame, DCE Energy Consultant

Recommendation: Information

Background: On November 16, 2020, DCE adopted a Rate Stabilization Schedule (RSS). The RSS became effective on December 1, 2020, and was first amended by the Board on May 12, 2023, with an effective date of June 1, 2023. A second amendment was approved on March 17, 2025, with an effective date of April 1, 2025. The RSS authorizes staff to adjust DCE retail rates in response to changes in Southern California Edison (SCE) rates, the Power Charge Indifference Adjustment (PCIA, or exit fee), State of California regulatory mandates, and to follow DCE Board-approved rate guidelines as outlined in RSS Exhibit A.

The Board's currently approved RSS Exhibit A Rate Adjustment Guidelines include: 1) designing Desert Saver rates within a 0.0-1.0% average total bill discount versus SCE's comparable bundled base product average total bill; and 2) designing DCE's 100% Carbon Free residential rates such that DCE meets its annual revenue requirements as identified in DCE's budget process, as such requirements may change during the budget year. Effective January 1, 2026, SCE implemented rate changes based on revisions to generation rates, costs related to Diablo Canyon power plant, delivery charges, and other general rate case cost categories. The net result was a small decrease to overall average SCE rates. As a result, DCE implemented corresponding adjustments to its Desert Saver rates to maintain compliance with current Board rate guidelines, with de minimus budget impacts.

The RSS requires DCE staff to prepare a summary report describing RSS-related rate adjustments and to provide this information at the next scheduled Board meeting following implementation of such adjustments. This staff report provides a summary of DCE's January 2026 rate adjustments associated with SCE's January 2026 rate changes.

January 2026 Rate Adjustment Summary:

Effective January 1, 2026, SCE implemented rate changes associated with various components of its rate design. Average SCE residential customer bills decreased about 2.9 percent. Depending upon any particular residential customer's monthly electricity consumption level however, such customer may experience a small average bill increase or decrease.¹

Working within DCE Board-approved financial policies and procedures, the provisions of DCE's RSS, and the concurrence of DCE's Risk Management Team (RMT), DCE implemented adjustments to its Desert Saver rates to maintain an average 0.0 – 1.0 % discount versus SCE's bundle base product

¹ For a more complete description of SCE's January 2026 related rate changes, interested customers should review details provided on SCE's website: <https://www.sce.com/save-money/rates-financing/sce-rate-advisory> .

average monthly bills for all Desert Saver customers. No material adjustments were applied to DCE's generation rates for Carbon Free customers. Adjustments to DCE's Desert Saver rates became effective on January 1, 2026, or as soon thereafter as practicable.

January 2026 DCE Rate Adjustment Details:

- Effective Date: January 1, 2026 (or as soon thereafter as practicable, upon implementation of DCE's revised rate factors).
- RMT discussion and concurrence during meetings on December 18, 2025 and January 15, 2026.
- Desert Saver average total bill discount compared to SCE's bundled base power product average total bill designed to range within 0 – 1% for all Desert Saver customers.
- No material change to DCE's average Carbon Free generation rates.
- Rate forecast period utilized: January 1, 2026 – December 31, 2026.
- Calculations and estimates are based on known and forecast costs and revenues throughout the rate forecast period.
- Any individual customer's average bill may vary depending on enrolled rate schedule and monthly electricity usage.

Fiscal Analysis: DCE's rate adjustments are designed to fully recover forecast power supply and operating costs, build financial reserves, address cash flow requirements, pursue a 2.0 Fixed Charge Coverage (FCC) ratio per Standard & Poor (S&P) guidelines, meet DCE's revenue requirements and exercise fiscal prudence.

SCE residential customer retail rates were revised during January 2026 to reflect changes to various components of overall cost of service. Effective January 1, 2026, DCE correspondingly implemented minor adjustments to DCE Desert Saver generation rates to maintain 0.0 – 0.1 percent average monthly bill discount for all Desert Saver customers. As detailed in the DCE/SCE January 1, 2026 Joint rate Comparison (JRC)²: 1) SCE's non-CARE³ bundled average residential monthly bill is \$196.17 and DCE's Desert Saver average residential monthly bill is \$195.53, approximately a 0.33% discount versus SCE; and 2) SCE's CARE customer bundled average residential monthly bill is \$121.14 and DCE's Desert Saver CARE customer average residential monthly bill is \$120.50, approximately a 0.53% discount versus SCE. No material changes were made to DCE's Carbon Free generation rates.

DCE's Desert Saver product continues to be the least cost retail electric service in Palm Springs, and DCE's Carbon Free product results in zero carbon emissions, augmenting electricity-related climate mitigation and helping the City of Palm Springs achieve its greenhouse gas reduction goals. Staff continues to work with the California Community Choice Association (CalCCA) and other Community Choice Aggregators (CCAs) to collectively address cost-effectiveness and regulatory actions impacting CCAs. Additionally, DCE will continue to highlight DCE's retail product choices as part of community engagement efforts.

² As tabulated in the DCE/SCE January 2026 JRC adjusted to average monthly energy consumption of 541 kilowatthours. The full JRC is available on DCE's website at: <https://desertcommunityenergy.org/wp-content/uploads/2026/02/SCE-and-DCE-JRC-effective-1.1.26.pdf> .

³ "CARE" indicates the CPUC's California Alternative Rate for Energy program which provides discounted electric service to qualified lower income customers.

ITEM 5D

Desert Community Energy Board
March 23, 2026



STAFF REPORT

Subject: Community Advisory Committee Update

Contact: Lisa McNeilly, Director of Energy & Sustainability (lmcneilly@cvaq.org) and Savannah Gil, Program Specialist III (sgil@cvaq.org)

Recommendation: Information

Background: In March 2019, the DCE Board established a Community Advisory Committee (CAC) to provide a structured opportunity for community members to participate in DCE and to help ensure that efforts to educate and inform member communities about Community Choice Energy are broad and inclusive. The CAC meets at various times throughout the year to discuss a variety of topics and issues, and staff provides the Board with a written recap of those meetings.

The CAC last met on January 15, 2026, at the Palm Springs office of Burke Rix Communications, which is contracted by DCE to handle public engagement. A quorum was reached, and CAC members voted to appoint a new Chair and Vice Chair for the rest of the term ending June 30, 2026. They elected Noel Loughrin of Palm Springs as Chair and Donald Barrett of Palm Springs as Vice Chair. DCE staff presented a new small-business energy-efficiency customer program to help commercial customers upgrade to more efficient appliances for energy savings. CAC members asked questions and provided feedback to DCE staff on the best ways to reach out to small businesses and find reputable, licensed contractors. This input will be incorporated into the program implementation plan, and future meetings will be used to get additional CAC input.

The next CAC meeting is expected to be held in April. CAC meetings are open to the public and the agendas are posted on DCE's website in advance to encourage participation. The DCE website also has an ongoing invitation to apply to the CAC, and staff have ensured with the outreach team that this opportunity is periodically shared on its social media channels.

Fiscal Analysis: There is no cost DCE for this informational update. The CAC is a volunteer group, and staff support for the CAC is covered under existing resources.

ITEM 5E

Desert Community Energy Board
March 23, 2026



STAFF REPORT

Subject: 2025 GO 156 Annual Supplier Diversity Report

Contact: Savannah Gil, Program Specialist III (sgil@cvag.org)

Recommendation: Information

Background: Community Choice Aggregators (CCAs) like DCE are required to submit an Annual Supplier Diversity Report to the California Public Utilities Commission (CPUC) that details a plan for increasing procurement from small, local, and diverse business enterprises and details procurement efforts related to Women, Minority, Disabled Veteran, or Lesbian Gay Bisexual Transgender Business Enterprises (WMDVLGBTBEs). The CPUC oversees the voluntary Supplier Diversity Program under General Order 156 (GO 156), which promotes efforts to increase the number of utility contract dollars spent on underserved or marginalized groups.

DCE submitted its 2025 Annual Supplier Diversity Report to the CPUC on February 26, 2026. The report highlights DCE's commitment to promoting equal access to economic opportunities for WMDVLGBTBEs and increasing procurement from certified, local, small, and diverse businesses. The report also outlines DCE's goals for 2026. Although DCE primarily purchases power contracts, DCE staff are committed to finding ways to source other goods and services, including subcontracting, in order to promote inclusivity. To support the local community, DCE aims to prioritize local procurement, benefiting both the residents and local businesses.

The CPUC's Supplier Diversity Program is a valuable initiative that includes a Supplier Clearinghouse that maintains a Certified Suppliers List. This list provides utilities and covered entities, such as CCAs, with access to a centralized database of certified suppliers, helping them meet their procurement goals. By participating in this program, local companies can be identified as eligible, certified suppliers, opening multiple opportunities for networking and visibility through marketing activities, events, and bid announcements advertised by the Clearinghouse.

The CPUC develops and distributes the annual Supplier Diversity Report template to CCAs and utility companies. Some of the report sections and tables do not apply to DCE specifically and are therefore either marked as not applicable or intentionally left blank. An example of this is shown in the table in Section 9.1.2 of the report. Other tables, such as those in Section 9.1.9, are automatically populated with zeros because DCE is only responsible for filling in any applicable data.

The 2025 Report identifies that DCE currently has a contract with one local, diverse business enterprise that is certified through the CPUC Supplier Clearinghouse as an LGBT business enterprise. The 2025 Report also highlights DCE's efforts to recruit individuals from diverse backgrounds to serve on its Community Advisory Committee, particularly those who represent underserved areas of the community. DCE staff is exploring ways to help eligible local businesses obtain certification and be listed on the State's Supplier Clearinghouse database. Additionally, Supplier Diversity Program informational flyers were distributed at three community events by DCE's outreach consultant, Burke Rix Communications.

The 2025 Annual Report also features DCE's planned activities for 2026, which include:

- Increasing the visibility of DCE by conducting a thorough review of its education material and website and making necessary updates, with an aim of engaging more with residents and promoting emerging customer programs;
- Helping local, diverse suppliers get certified by being more proactive in sharing certification opportunities, such as sharing DCE's information at the Coachella Valley annual procurement vendor fair and promoting the annual CCA Supplier Diversity Workshop hosted by Marin Clean Energy;
- Enhancing training and knowledge efforts on Supplier Diversity with current and new DCE staff members by creating dedicated training materials, including presentations and fact sheets.
- Utilizing a new Enterprise Resource Planning (ERP) system to track DCE's financials and to help streamline future reporting needs.

DCE staff will continue working toward achieving its supplier diversity goals for 2026 and will provide the Board with updates accordingly.

Fiscal Analysis: There is no additional cost to DCE for this information item. The cost of performing supplier diversity activities is covered in the DCE budget.

Attachment: 2025 GO 156 Supplier Diversity Report

2025 SUPPLIER DIVERSITY REPORT



March 1, 2026

Presented to the California Public Utilities Commission

2024-2025

Key Highlights and Metrics

Desert Community Energy Achievements

Greenhouse gas emissions reduced by
60,954 metric tons

64 MW of battery storage in
development

131,277 MWh of local wind energy
generated

39,837 customers served in 2025

28,122 customers receiving carbon-
free energy

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Introduction

Desert Community Energy (DCE) is a local government, not-for-profit Joint Powers Authority established in 2017 to provide member agencies with a Community Choice Aggregation (CCA) program. The current members are cities of Palm Springs and Palm Desert. DCE began serving the City of Palm Springs in April 2020 and, as of December 2025, serves approximately 32,684 residential, commercial, industrial, and agricultural accounts.

DCE's goals are to:

1. Reduce greenhouse gas emissions relating to electricity use;
2. Provide electric generation at competitive, stable rates;
3. Offer programs to reduce energy consumption;
4. Stimulate the local economy by developing local jobs in renewable energy; and,
5. Promote long-term energy security, and reliability for customers through local control of electric generation resources.

The California Public Utilities Commission (CPUC) General Order 156 (GO 156) emphasizes preferential purchasing for diverse business enterprises. In compliance with Proposition 209, CCAs, as local government entities, do not explicitly give preferential treatment to bidders based on race, sex, color, ethnicity, or national origin. Proposition 209 limits CCAs as public agencies from engaging

in several of the activities associated with supplier diversity under GO 156. However, DCE acknowledges that additional efforts are needed to support small, local, and diverse businesses.

Consistent with the requirements of Senate Bill 255, this report describes DCE's continued efforts to plan for and implement practices to increase procurement from small, local, and diverse businesses. It also reports to the Commission on its procurement from these sources.

DCE is committed to expanding equal access to economic opportunities for minority business enterprises (MBE), women-business enterprises (WBE), Lesbian, Gay, Bisexual, and Transgender business enterprises (LGBTBE), persons with disability business enterprises (PDBE), and disabled veteran business enterprises (DVBE). DCE is also committed to involving local and small businesses in our procurement efforts whenever possible. Nonetheless, most of DCE's expenditures are focused on power contracts.

The Coachella Valley is a small region, which presents challenges for local and small businesses seeking to act as prime contractors in grid-scale energy projects, as securing project capital requires proof of financial stability. However, there are opportunities for these businesses to serve as subcontractors or consultants on such projects. One of DCE's goals is to ensure profits are retained within our communities, supporting local businesses and residents.

9.1.1 Supplier Diversity Program Activities

In 2025, DCE engaged in the following activities oriented toward increasing supplier diversity:

- Reviewed information provided by CPUC staff regarding updated compliance with GO 156.
- Conducted outreach to diverse businesses at three community events and provided information on supplier diversity and the Supplier Clearinghouse.
- Continued educating consultants on GO 156 and providing supplier diversity informational flyers at outreach events.
- Created a user profile for the new Supplier Clearinghouse website, and posted one Request-for-Proposal for mailing and printing services on the website.
- Continued working with other CCAs as members of CalCCA to learn best practices in maximizing supplier diversity in our communities, given the constraints of Proposition 209.

DCE did not receive any requests for technical assistance from any eligible vendors in 2025. In 2026, DCE will continue to dedicate resources to working with our existing and future suppliers on opportunities to expand institutional diversity and inclusion. The Coachella Valley is a diverse region with many business owners who meet the GO 156 parameters but may not be aware of the Clearinghouse or realize their eligibility for certification.

Hiring Practices

DCE staffing is provided by the Coachella Valley Association of Governments (CVAG) through a management services agreement approved by the DCE Board. Thus, DCE does not directly employ staff. However, CVAG is an equal opportunity employer, and recruiting and hiring practices are established to strive for diversity, consistent with the requirements of Proposition 209. Recruitment outreach opportunities to access a diverse pool of potential job applicants are utilized.

Community Advisory Committee

In March 2019, the DCE Board established a Community Advisory Committee (CAC) to create a structured opportunity for community members to engage with DCE and to help ensure that efforts to educate and inform member communities about DCE's initiatives and programs are broad and inclusive. The CAC remained active until 2022, after which its activities stalled because of membership challenges. As a result, DCE sought ways to reconnect with its members and compile a list of candidates for 2024.

DCE convened its first CAC meeting for the 2024-2026 membership term on December 9, 2024, featuring eight appointed members. As of January 2026, the CAC has six active members. The CAC convened again on January 15, 2026, to provide feedback on a new customer program for small businesses.

Strategic Initiatives



Since its launch in April 2020, DCE has released multiple requests for offers (RFOs) and requests for proposals (RFPs), resulting in various agreements such as renewable energy agreements, energy storage agreements (ESAs), and power purchase agreements (PPAs) for procuring power and electric capacity.

As part of its forecasting and procurement processes, DCE considers the overall diversity and reliability of its renewable portfolio. DCE also reviews the respective risks associated with short and long-term purchases as part of its forecasting and procurement processes. These efforts will lead to a more diverse resource mix, address grid integration issues, and provide value to the local community.

Beyond the state's minimum renewable procurement requirements, the DCE Board has established additional green and renewable energy goals. Specifically, the DCE Board has directed that DCE acquire a portfolio consisting of 100 percent carbon-free generation for its Carbon Free product. All new DCE customers in the City of Palm Springs are automatically enrolled in this Carbon Free product as the default. The vast majority of DCE's customers have chosen to remain with this premium product rather than opting down to the Desert Saver product, which provides cost savings while still meeting Renewables Portfolio Standard (RPS) compliance requirements.

DCE also continues efforts to include small, local, and diverse businesses in non-energy procurement opportunities. To this end, DCE's Board adopted an amended procurement policy at its meeting on June 17, 2024. This policy includes a section on supplier diversity, in line with the CPUC's Supplier Diversity Program. Since promoting local job creation is one of the core benefits of DCE, the procurement policy also includes a local preference that is substantially based on the Local Business Preference Program in both Palm Desert and Palm Springs.

Workforce and Board Diversity

In August 2025, DCE submitted its annual RPS Workforce Development data report to the CPUC, highlighting the diversity of its staff. The report indicated that DCE has five full-time employees, four of whom are women, and three are minorities.

The DCE Board is made of two members, one from the City of Palm Springs and the City of Palm Desert. Both Board members were women in 2024. In 2025, the diversity of the Board changed.

Current DCE Board Members

City of Palm Springs:



Councilmember
Jeffrey Bernstein

City of Palm Desert:



Finance Director
Veronica Chavez

Public information on DCE's Board members can also be found at:
<https://desertcommunityenergy.org/about/board-agendas/>

DCE's Supplier Diversity Program

weblink: <https://desertcommunityenergy.org/about-go156-supplier-diversity/>

Phone: (855) 357-9240

Email: info@desertcommunityenergy.org

9.1.2 Summary of Purchases

DCE commits to purchasing from small, local, diverse businesses within our region to the extent possible. This section summarizes the 2025 results of DCE's procurement in the requested categories. It should be noted that the majority of DCE's procurement is through wholesale power contracts. As a result, opportunities to directly engage with local and small businesses are more limited. Many of the electric generation resources are developed, owned, and operated by large corporations with sufficient capital to manage these projects. Still, DCE has been successful in procuring wind energy from projects within the local community from the local developer, Terra-Gen.

Despite the difficulties in finding diverse procurement opportunities for power purchases, DCE engages with one registered diverse supplier for its services and products. Its current marketing and outreach provider is a Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE) that has been working with DCE since 2023.

Moving into 2025 and beyond, DCE aims to raise the proportion of its diverse vendors. DCE has reviewed its current contracts and created a procurement schedule for the products and services that are soon due for a new procurement cycle.

The table for 9.1.2 is on the next page.

Description of Suppliers with Majority Workforce in California

In 2025, DCE received non-power services and products from ten vendors. DCE sent out a survey to its vendors to inquire about their workforce diversity and location distribution in November 2025. Only two of its vendors responded by the deadline. From the vendors that responded, the average percentage of the workforce in California is 87%.

At Best, Best, & Krieger, the workforce is 61.6% female and 38.4% male. Among them, 40.7% identify as a minority (non-white) race or ethnicity. Donald B. Dame Consulting is operated by a single individual who identifies as a white male.

Responses Received from the following vendors:

Supplier	Percentage of CA workforce
Best, Best, & Krieger	0.74
Donald B Dame Consulting	1.00

9.1.2 Table for 2025 Supplier Diversity Procurement Results by Product and Service Categories (non-power purchases)

		Direct Spend \$	Sub Spend \$	%	Product Spend \$	Service Spend \$	Total \$	%
Minority Male	African American	--	--		--	--	--	
	Asian Pacific American	--	--		--	--	--	
	Hispanic American	--	--		--	--	--	
	Native American	--	--		--	--	--	
Minority Female	African American	--	--		--	--	--	
	Asian Pacific American	--	--		--	--	--	
	Hispanic American	--	--		--	--	--	
	Native American	--	--		--	--	--	
Total Minority Business Enterprise		--	--		--	--	--	
Women Business Enterprise		--	--		--	--	--	
LGBT Business Enterprise		30,940.66	0	1.4	6,035.66	24,905	30,940.66	1.4
Disabled Veteran Business Enterprise		--	--		--	--	--	
Persons with Disabilities Enterprise		--	--		--	--	--	
8(a) Businesses*		--	--		--	--	--	
Total Supplier Diversity Spend		30,940.66	0	1.4	6,035.66	24,905	30,940.66	1.4

9.1.2 Table for 2025 Supplier Diversity Procurement Results by Product and Service Categories (non-power purchases) continued

	Total \$
Total Supplier Diversity Spend	30,940.66
Net Procurement**	2,226,308.23
Net Product Procurement	17,649.06
Net Service Procurement	2,208,659.17
Total # of Diverse Suppliers that Received Direct Spend	1

NOTE:

* 8(a) - Businesses owned and controlled by persons found to be disadvantaged by the U.S. Small Business Administration pursuant to Section 8(a) of the Small Business Act, as amended (15 U.S.C. 637 (a)) or the U.S. Secretary of Commerce, pursuant to Section 5 of Executive Order 11625 (GO 156 Section 1.3.13).

** Net Procurement includes purchase orders, non-purchase orders, and credit card dollars.

1 Direct - Means Direct Procurement: when a CCA directly procures from a supplier.

2 Sub - Means Subcontractor Procurement: when a prime contractor, in contract with a CCA, procures from a subcontractor to fulfil its contractual obligation(s).

% - Percentage of Net Procurement.



9.1.3 Diverse Supplier Program Expenses

Expense Category	2025
Wages	\$0
Other Employee Expenses	\$0
Program Expenses	\$3,897.48
Reporting Expenses	\$0
Consultant Expenses	\$27,353.45
Total	\$31,250.93

DCE has spent \$31,250.93 to implement a supplier diversity program in accordance with GO 156. The chart above includes expenses related to marketing and outreach for events, salaries for staff engaged in supplier diversity programs, as well as costs associated with training personnel on supplier diversity initiatives and reporting.

In 2025, there were no designated trainings for GO 156, leaving nothing to report. However, in 2026, DCE intends to partner with MCE for their annual workshop to encourage participation from local businesses in the Coachella Valley.

In accordance with the California Public Utilities Code and the policy objectives of the California Public Utilities Commission (CPUC) as outlined in CPUC General Order 156, DCE encourages businesses to become certified by the CPUC as diverse business enterprises in all of its RFPs.

9.1.5 Summary of Prime Contractors Utilization of Diverse Supplier Subcontractors

In 2025, DCE worked with primary contractors to fully utilize diverse suppliers when possible. Efforts included encouraging contractors to subcontract with diverse suppliers in product procurement, if applicable. No prime contractors utilized diverse supplier subcontractors in 2025.

DCE continues to work with primary contractors to identify ways to enhance supplier diversity, including subcontracting, and encourage them to have all tiers of subcontractors that are eligible to participate in the certification process.

9.1.6 Supplier Diversity Complaints Received

DCE is happy to report it did not receive any formal complaints this reporting cycle.

9.1.9 Supplier Diversity Activities and Progress in Power Procurement

As previously mentioned, DCE has issued several RFOs and RFPs, resulting in various agreements, including renewable energy agreements, ESAs, and PPAs, to purchase power and electric capacity over four years. For example, DCE's Phoenix project, one of the three Terra-Gen wind projects in Palm Springs for which DCE has an active PPA, demonstrates how DCE can fulfill its goal of reinvesting revenues locally to support the community by creating jobs and encouraging the development of additional local renewable energy sources.

In 2025, DCE signed two contracts with California-based battery storage projects, which will provide a combined 64 MW of carbon-free energy to its residents. DCE is also looking into the feasibility of building wind, solar, or battery storage near a CVAG bridge project, the Addressing Climate Change, Emergencies and Sand Storms (ACCESS) project along Indian Canyon Drive in Palm Springs, with the help of a local engineering company and solar/battery installer.

In summary, during the reporting year 2025, DCE did not procure with any CPUC Supplier Diversity Program-certified entities that provide energy storage systems, vegetation management, or renewable and non-renewable energy, nor did DCE own any power plants or PPAs that would necessitate procuring fuel for generation in 2025.

The table for 9.1.9 is on the next page.

9.1.9 Table for Supplier Diversity Results in Power (Energy) Procurement		Direct Power Purchases	Direct Fuels for Generation			Totals(1)		% (2)
		Power Products \$	Diesel \$	Nuclear \$	Natural Gas \$	Direct(3) and Sub(4) Totals \$	Total(5) \$	
Minority Male	African American	--	--	--	--	--	--	
	Asian Pacific American	--	--	--	--	--	--	
	Hispanic American	--	--	--	--	--	--	
	Native American	--	--	--	--	--	--	
Minority Female	African American	--	--	--	--	--	--	
	Asian Pacific American	--	--	--	--	--	--	
	Hispanic American	--	--	--	--	--	--	
	Native American	--	--	--	--	--	--	
Total Minority Business Enterprise		--	--	--	--	--	--	
Women Business Enterprise		--	--	--	--	--	--	
LGBT Business Enterprise		--	--	--	--	--	--	
Disabled Veteran Business Enterprise		--	--	--	--	--	--	
Persons with Disabilities Enterprise		--	--	--	--	--	--	
8(a) Businesses*		--	--	--	--	--	--	
Total Supplier Diversity		\$0	\$0	\$0	\$0	\$0	\$0	0%

9.1.9 Table for Supplier Diversity Results in Power (Energy) Procurement continued

	Total \$
Total Supplier Diversity	\$0
Net Power Procurement	\$46,842,889
Net Direct Power Purchases	\$46,842,889
Net Direct Fuels for Generation	\$0
Total # of Diverse Suppliers	0

NOTE:

(1) Excludes purchases from the California Independent System Operator (CAISO), utilities, federal entities, state entities, municipalities and cooperatives.

(2) % - Percentage of Net Procurement.

(3) Direct - Means Direct Procurement: when a CCA directly procures from a supplier. Includes Direct Power Purchases and Direct Fuels for Generation.

(4) Sub - Means Subcontractor Procurement: when a prime contractor, in contract with a CCA, procures from a subcontractor to fulfil its contractual obligation(s).

(5) "Total" does not include pre-commercial development (COD) subcontracting values.

* 8(a) - Businesses owned and controlled by persons found to be disadvantaged by the U.S. Small Business Administration pursuant to Section 8(a) of the Small Business Act, as amended (15 U.S.C. 637 (a)) or the U.S. Secretary of Commerce, pursuant to Section 5 of Executive Order 11625 (GO 156 Section 1.3.13).



10.2 Supplier Diversity Program Activities Planned for 2026

Planned External Program Activities

1. Increase the visibility of DCE

DCE plans to conduct a thorough review of its educational material and website to make necessary updates. It plans to increase its engagement with local residents within the City of Palm Springs by working with its Community Advisory Committee to promote its new small business customer program.

2. Help local, diverse suppliers get certified

DCE intends to be more proactive in sharing certification opportunities with local businesses. It plans to help promote the annual Supplier Diversity workshop at local community events and on its website, allowing local businesses to learn more about the certification process.

Planned Internal Program Activities

1. Enhance training and knowledge efforts on Supplier Diversity with current and new DCE Staff

DCE is a small agency with limited staff and utilizes consultants for most services. DCE will prioritize attending quarterly trainings provided by CPUC to CCAs, and plans to create a high-level overview Supplier Diversity Program training packet for new DCE Staff.

2. Utilize a new financial system to track DCE's spend

DCE has implemented a new financial software system to monitor vendor invoices, revenue, and payments for fiscal year 2025/2026 and beyond. This system will be tailored to enhance tracking of Supplier Diversity spending for future reports.



Plans to Encourage Prime Contractors to Subcontract Small, Local, and Diverse Businesses

DCE will work with its current and future contractors to encourage the utilization of small, local, and diverse businesses to engage these business enterprises in all categories that provide subcontracting opportunities. Part of this outreach will include educating contractors on the importance and benefits of engaging the services of Clearinghouse-registered and eligible entities.

In March 2026, the DCE Board will receive the 2025 Supplier Diversity report with DCE's planned goals for 2026. In the short term, DCE aims to train its team to become proficient in supplier diversity requirements and eventually become the go-to resource for local and county business entities. These objectives are reflected in the planned activities for 2026.

In the mid- and long-term, DCE aspires to expand its outreach to diverse local businesses, particularly those in underserved communities, and to increase opportunities to contract with diverse suppliers.



Desert Community Energy

Unaudited Statement of Net Position Prev Year Comparison

As of September 30, 2025

Financial Row	Amount (As of 9/30/2025)	Comparison Amount (As of 9/30/2024)	Variance	% Variance
Assets				
Current Assets				
Bank				
1011 - 1011 - DCE CAMP Account - 6235	\$16,177,201	\$13,986,610	\$2,190,591	15.66%
1021 - 1021 - DCE LAIF Account 40-33-028	\$6,594,511	\$6,307,410	\$287,101	4.55%
1050 - 1050 - DCE River City Bank Money Market -5470	\$405,750	\$405,748	\$2	0.00%
1051 - 1051 - DCE River City Bank FSR LOC Collateral -1075	\$147,000	\$147,000	\$0	0.00%
1052 - 1052 - DCE River City Bank Operating Account -8099	\$199,172	\$199,293	(\$122)	-0.06%
1053 - 1053 - DCE River City Bank ICS Account -0995	\$4,235,499 [a]	\$0	\$4,235,499	100.00%
1054 - 1054 - DCE River City Bank DDM Marketplace Sweep - 0991	\$8,742	\$2,106,054	(\$2,097,313)	-99.58%
1055 - 1055 - DCE River City Bank Lockbox -4446	\$2,191,565	\$3,030,038	(\$838,473)	-27.67%
Total Bank	\$29,959,439	\$26,182,153	\$3,777,286	14.43%
Accounts Receivable				
1200 - 1200 - Accounts Receivable	\$13,607,192	\$16,537,065	(\$2,929,873)	-17.72%
1210 - 1210 - Due from other Governments	\$72,037	\$0	\$72,037	100.00%
Total Accounts Receivable	\$13,679,229	\$16,537,065	(\$2,857,836)	-17.28%
Other Current Asset				
1080 - 1080 - Fair Value Adjustment	\$12,725	\$13,000	(\$275)	-2.12%
1250 - 1250 - Accrued Accounts Receivable	\$5,929,845	\$4,583,719	\$1,346,126	29.37%
1300 - 1300 - Allowance for Doubtful Accounts	(\$2,387,919)	(\$1,866,979)	(\$520,940)	27.90%
1400 - 1400 - Interest Receivable	\$72,037	\$70,352	\$1,686	2.40%
1600 - 1600 - Prepaid Expenses	\$566,374 [b]	\$6,033	\$560,341	9287.84%
1650 - 1650 - Deposits Receivable	\$1,010,584	\$710,584	\$300,000	42.22%
Total Other Current Asset	\$5,203,646	\$3,516,709	\$1,686,938	47.97%
Total Current Assets	\$48,842,315	\$46,235,927	\$2,606,388	5.64%
Total Assets	\$48,842,315	\$46,235,927	\$2,606,388	5.64%
Liabilities & Net Position				
Current Liabilities				
Accounts Payable				
2111 - 2111 - Accounts Payable	\$9,046,927	\$7,538,268	\$1,508,659	20.01%
2120 - 2120 - Due To Other Government	\$646,427	\$653,233	(\$6,806)	-1.04%
Total Accounts Payable	\$9,693,354	\$8,191,501	\$1,501,853	18.33%
Other Current Liability				
2150 - 2150 - Accrued Accounts Payable	\$214,111	\$3,311,607	(\$3,097,496)	-93.53%
2250 - 2250 - NEM Escrow Payable	\$49,156	\$67,148	(\$17,992)	-26.79%
2300 - 2300 - Taxes Payable				
2301 - 2301 - Utility Users Tax (UUT)	\$211,486	\$212,875	(\$1,390)	-0.65%
2302 - 2302 - Electric Energy Surcharge (EES)	\$6,627	\$6,329	\$298	4.70%
Total - 2300 - 2300 - Taxes Payable	\$218,112	\$219,205	(\$1,092)	-0.50%
Total Other Current Liability	\$481,380	\$3,597,960	(\$3,116,580)	-86.62%
Total Current Liabilities	\$10,174,734	\$11,789,461	(\$1,614,727)	-13.70%
Long Term Liabilities				
2451 - 2451 - Development Deposit	\$405,000	\$405,000	\$0	0.00%
Total Long Term Liabilities	\$405,000	\$405,000	\$0	0.00%
Net Position				
3100 - 3100 - F/B-Unrestricted	\$39,895,312	\$35,039,779	\$4,855,532	13.86%
3200 - 3200 - F/B-Restricted	\$147,000	\$147,000	\$0	0.00%
Net Income	(\$1,779,731)	(\$1,145,313)	(\$634,418)	55.39%
Total Net Position	\$38,262,580	\$34,041,466	\$4,221,114	12.40%
Total Liabilities & Net Position	\$48,842,315	\$46,235,927	\$2,606,387	5.64%

[a] New bank account opened in FY2025/26.

[b] The increase is primarily attributable to higher prepaid Resource Adequacy costs.

Desert Community Energy

Unaudited Changes to Net Position Budget vs. Actual

July 1, 2025 - September 30, 2025

Financial Row	Amount	Budget Amount	Amount Over Budget	% of Budget
Ordinary Revenue/Expense				
Revenue				
4310 - 4310 - Carbon Free	\$20,441,067	\$23,122,483	(\$2,681,416)	88.40%
4350 - 4350 - Desert Saver	\$4,354,244	\$6,004,550	(\$1,650,306)	72.52%
4400 - 4400 - Energy Settlements	\$1,188,603	\$93,840	\$1,094,763	1,266.63%
Total - Revenue	\$25,983,914	\$29,220,873	(\$3,236,959)	88.92%
Expense				
5100 - 5100 - Energy Procurement				
5100 - 5100 - Energy Procurement	\$11,853,570	\$11,494,750	\$358,820	103.12%
5110 - 5110 - PCC1 REC Purchases	\$1,958,112	\$2,083,378	(\$125,266)	93.99%
5200 - 5200 - Resource Adequacy	\$11,178,623	\$10,756,693	\$421,931	103.92%
5400 - 5400 - CAISO Market Charges	\$582,414	\$3,378,542	(\$2,796,128)	17.24%
5500 - 5500 - Long Term PPA	\$973,393	\$70,113	\$903,279	1,388.31%
Total - 5100 - 5100 - Energy Procurement	\$26,546,112	\$27,783,476	(\$1,237,365)	95.55%
6100 - 6100 - Advertising/Marketing/Sponsorships	\$0.00	\$5,150.01	(\$5,150.01)	0.00%
6175 - 6175 - Postage	\$5,519	\$3,315	\$2,204	166.47%
6200 - 6200 - Printing/Copying	\$4,065	\$3,300	\$765	123.18%
6250 - 6250 - Professional Services				
6250 - 6250 - Professional Services	\$31,924	\$53,528	(\$21,604)	59.64%
6260 - 6260 - Audit/Accounting Services	\$9,500	\$0	\$9,500	100.00%
Total - 6250 - 6250 - Professional Services	\$41,424	\$53,528	(\$12,104)	77.39%
6280 - 6280 - Legal Services	\$18,474	\$26,050	(\$7,576)	70.92%
6500 - 6500 - Direct Program/Project Costs				
6550 - 6550 - Consultants	\$509,841	\$733,333	(\$223,492)	69.52%
6650 - 6650 - Outreach Services	\$3,674	\$6,600	(\$2,926)	55.66%
Total - 6500 - 6500 - Direct Program/Project Costs	\$513,514	\$739,933	(\$226,418)	69.40%
7050 - 7050 - Account/Service Fees	\$3,084	\$54,525	(\$51,441)	5.66%
7175 - 7175 - Memberships	\$28,072	\$28,072	\$0	100.00%
7200 - 7200 - Office Supplies	\$0.00	\$375.00	(\$375.00)	0.00%
7225 - 7225 - Subscription Based Information Technology	\$980	\$0	\$980	100.00%
7275 - 7275 - Insurance	\$2,049	\$2,138	(\$89)	95.84%
7350 - 7350 - Bad Debt Expense	\$892,631	\$1,048,573	(\$155,942)	85.13%
Total - Expense	\$1,509,813	\$1,964,958	(\$455,145)	76.84%
Net Ordinary Revenue	(\$2,072,011)	(\$527,562)	(\$1,544,449)	392.75%
Other Revenue and Expenses				
Other Revenue				
8001 - 8001 - Investment Income	\$287,371	\$210,154	\$77,217	136.74%
8005 - 8005 - Gain/(Loss) in Investments	\$4,908	\$0	\$4,908	100.00%
Total - Other Revenue	\$292,279	\$210,154	\$82,125	139.08%
Net Other Revenue	\$292,279	\$210,154	\$82,125	139.08%
Net Revenue	(\$1,779,731)	(\$317,408)	(\$1,462,323)	560.71%

The Budget vs. Actual comparison is based on the original budget. An amended budget reflecting updates will be proposed at the March 23, 2026, Board meeting.

Desert Community Energy

Unaudited Changes to Net Position Prev Year Comparison

July 1, 2025 - September 30, 2025

Financial Row	Amount (7/1/2025 - 9/30/2025)	Comparative Amount (7/1/2024 - 9/30/2024)	Variance	% Variance
Ordinary Revenue/Expense				
Revenue				
4310 - 4310 - Carbon Free	\$20,441,067	\$23,522,823	(\$3,081,757)	-13.10%
4350 - 4350 - Desert Saver	\$4,354,244	\$6,108,512	(\$1,754,268)	-28.72%
4400 - 4400 - Energy Settlements	\$1,188,603	\$238,574	\$950,029	398.21%
Total - Revenue	\$25,983,914	\$29,869,910	(\$3,885,996)	-13.01%
Expense				
5100 - 5100 - Energy Procurement				
5100 - 5100 - Energy Procurement	\$11,853,570	\$13,266,125	(\$1,412,555)	-10.65%
5110 - 5110 - PCC1 REC Purchases	\$1,958,112 [a]	\$1,137,295	\$820,817	72.17%
5200 - 5200 - Resource Adequacy	\$11,178,623	\$9,407,375	\$1,771,248	18.83%
5220 - 5220 - Carbon Free Energy	\$0 [b]	\$2,721,870	(\$2,721,870)	-100.00%
5400 - 5400 - CAISO Market Charges	\$582,414 [c]	\$1,709,478	(\$1,127,064)	-65.93%
5500 - 5500 - Long Term PPA	\$973,393 [d]	\$0	\$973,393	100.00%
Total - 5100 - 5100 - Energy Procurement	\$26,546,112	\$28,242,142	(\$1,696,030)	-6.01%
5600 - 5600 - CPUC Penalty	\$0	\$1,750,159	(\$1,750,159)	-100.00%
6100 - 6100 - Advertising/Marketing/Sponsorships	\$0	\$3,503	(\$3,503)	-100.00%
6175 - 6175 - Postage	\$5,519	\$4,247	\$1,271	29.93%
6200 - 6200 - Printing/Copying	\$4,065	\$2,864	\$1,201	41.96%
6250 - 6250 - Professional Services				
6250 - 6250 - Professional Services	\$31,924	\$85,917	(\$53,993)	-62.84%
6260 - 6260 - Audit/Accounting Services	\$9,500	\$0	\$9,500	100.00%
Total - 6250 - 6250 - Professional Services	\$41,424	\$85,917	(\$44,493)	-51.79%
6280 - 6280 - Legal Services	\$18,474	\$11,816	\$6,659	56.36%
6500 - 6500 - Direct Program/Project Costs				
6550 - 6550 - Consultants	\$509,841	\$628,251	(\$118,410)	-18.85%
6650 - 6650 - Outreach Services	\$3,674	\$2,514	\$1,160	46.15%
6675 - 6675 - Customer Programs	\$0	\$1,628	(\$1,628)	-100.00%
Total - 6500 - 6500 - Direct Program/Project Costs	\$513,514	\$632,393	(\$118,878)	-18.80%
7050 - 7050 - Account/Service Fees	\$3,084	\$526	\$2,559	486.78%
7075 - 7075 - IT Services	\$0	\$1,564	(\$1,564)	-100.00%
7150 - 7150 - Training and Event Registration	\$0	\$21,895	(\$21,895)	-100.00%
7175 - 7175 - Memberships	\$28,072	\$0	\$28,072	100.00%
7225 - 7225 - Subscription Based Information Technology	\$980	\$0	\$980	100.00%
7275 - 7275 - Insurance	\$2,049	\$2,011	\$38	1.86%
7350 - 7350 - Bad Debt Expense	\$892,631	\$568,229	\$324,402	57.09%
Total - Expense	\$1,509,813	\$1,334,964	\$174,848	13.10%
Net Ordinary Revenue	(\$2,072,011)	(\$1,457,355)	(\$614,655)	42.18%
Other Revenue and Expenses				
Other Revenue				
8001 - 8001 - Investment Income	\$287,371	\$275,214	\$12,157	4.42%
8005 - 8005 - Gain/(Loss) in Investments	\$4,908	\$36,828	(\$31,920)	-86.67%
Total - Other Revenue	\$292,279	\$312,042	(\$19,763)	-6.33%
Net Other Revenue	\$292,279	\$312,042	(\$19,763)	-6.33%
Net Revenue	(\$1,779,731) [e]	(\$1,145,313)	(\$634,418)	55.39%

[a] The increase is mainly attributable to higher VAMO costs.

[b] DCE revised its modeling of Carbon Free energy procurement for the Carbon Free rate program in 2025, which resulted in a reduction of necessary Carbon Free procurement to maintain the 100% requirement.

[c] DCE realized less charges from the organized energy market operator that administers the ISO market DCE participates in.

[d] New account for FY2025/26; it was combined with Energy Procurement in prior years.

[e] The net loss demonstrated in the first two quarter is partly due to the timing of energy purchases compared to when the costs were budgeted and will offset in a future quarter.

Desert Community Energy
Unaudited Statement of Net Position Prev Year Comparison
As of December 31, 2025

Financial Row	Amount (As of 12/31/2025)	Comparison Amount (As of 12/31/2024)	Variance	% Variance
Assets				
Current Assets				
Bank				
1011 - 1011 - DCE CAMP Account - 6235	\$18,062,636	\$14,158,763	\$3,903,873	27.57%
1021 - 1021 - DCE LAIF Account 40-33-028	\$6,666,548	\$6,377,761	\$288,787	4.53%
1050 - 1050 - DCE River City Bank Money Market -5470	\$406,551	\$405,773	\$779	0.19%
1051 - 1051 - DCE River City Bank FSR LOC Collateral -1075	\$147,000	\$147,000	\$0	0.00%
1052 - 1052 - DCE River City Bank Operating Account -8099	\$199,135	\$199,405	(\$270)	-0.14%
1053 - 1053 - DCE River City Bank ICS Account -0995	\$4,589,562 [a]	\$0	\$4,589,562	100.00%
1054 - 1054 - DCE River City Bank DDM Marketplace Sweep - 0991	\$0 [a]	\$3,379,147	(\$3,379,147)	-100.00%
1055 - 1055 - DCE River City Bank Lockbox -4446	\$4,107,288	\$3,715,957	\$391,330	10.53%
Total Bank	\$34,178,720	\$28,383,806	\$5,794,914	20.42%
Accounts Receivable				
1200 - 1200 - Accounts Receivable	\$12,209,206	\$14,549,473	(\$2,340,267)	-16.08%
Total Accounts Receivable	\$12,209,206	\$14,549,473	(\$2,340,267)	-16.08%
Other Current Asset				
1080 - 1080 - Fair Value Adjustment	\$14,543	(\$2,411)	\$16,954	-703.22%
1250 - 1250 - Accrued Accounts Receivable	\$2,064,379	\$1,980,391	\$83,988	4.24%
1300 - 1300 - Allowance for Doubtful Accounts	(\$2,759,077)	(\$2,586,535)	(\$172,542)	6.67%
1400 - 1400 - Interest Receivable	\$70,490	\$74,183	(\$3,693)	-4.98%
1600 - 1600 - Prepaid Expenses	\$628,101 [b]	\$4,022	\$624,079	15,516.48%
1650 - 1650 - Deposits Receivable	\$1,010,584	\$710,584	\$300,000	42.22%
Total Other Current Asset	\$1,029,020	\$180,234	\$848,786	470.94%
Total Current Assets	\$47,416,946	\$43,113,513	\$4,303,433	9.98%
Total Assets	\$47,416,946	\$43,113,513	\$4,303,433	9.98%
Liabilities & Net Position				
Current Liabilities				
Accounts Payable				
2111 - 2111 - Accounts Payable	\$4,413,593	\$3,620,093	\$793,500	21.92%
2120 - 2120 - Due To Other Government	\$644,153	\$378,753	\$265,401	70.07%
Total Accounts Payable	\$5,057,746	\$3,998,845	\$1,058,901	26.48%
Other Current Liability				
2150 - 2150 - Accrued Accounts Payable	\$1,821,197	\$1,709,344	\$111,853	6.54%
2250 - 2250 - NEM Escrow Payable	\$46,205	\$58,854	(\$12,648)	-21.49%
2300 - 2300 - Taxes Payable				
2301 - 2301 - Utility Users Tax (UUT)	\$96,233	\$91,703	\$4,530	4.94%
2302 - 2302 - Electric Energy Surcharge (EES)	\$3,303	\$3,491	(\$188)	-5.39%
Total - 2300 - 2300 - Taxes Payable	\$99,536	\$95,194	\$4,342	4.56%
Total Other Current Liability	\$1,966,938	\$1,863,391	\$103,547	5.56%
Total Current Liabilities	\$7,024,685	\$5,862,237	\$1,162,448	19.83%
Long Term Liabilities				
2451 - 2451 - Development Deposit	\$410,768	\$405,000	\$5,768	1.42%
Total Long Term Liabilities	\$410,768	\$405,000	\$5,768	1.42%
Net Position				
3100 - 3100 - F/B-Unrestricted	\$39,895,310	\$35,039,779	\$4,855,531	13.86%
3200 - 3200 - F/B-Restricted	\$147,000	\$147,000	\$0	0.00%
Net Income	(\$60,817)	\$1,659,497	(\$1,720,314)	-103.66%
Total Net Position	\$39,981,493	\$36,846,276	\$3,135,217	8.51%
Total Liabilities & Net Position	\$47,416,946	\$43,113,513	\$4,303,433	9.98%

[a] The DDM cash sweep account with River City Bank was closed in September 2025 and replaced with an ICS account.

[b] The increase is primarily attributable to higher prepaid Resource Adequacy costs.

Desert Community Energy
Unaudited Changes to Net Position Budget vs. Actual
July 1, 2025 - December 31, 2025

Financial Row	Amount	Budget Amount	Amount Over Budget	% of Budget
Ordinary Revenue/Expense				
Revenue				
4310 - 4310 - Carbon Free	\$28,794,032	\$33,168,245	(\$4,374,213)	86.81%
4350 - 4350 - Desert Saver	\$6,311,224	\$8,571,986	(\$2,260,762)	73.63%
4400 - 4400 - Energy Settlements	\$1,914,989	\$145,990	\$1,768,999	1,311.73%
4900 - 4900 - Other Revenue	\$3,655	\$0	\$3,655	100.00%
Total - Revenue	\$37,023,900	\$41,886,221	(\$4,862,321)	88.39%
Expense				
5100 - 5100 - Energy Procurement				
5100 - 5100 - Energy Procurement	\$15,509,415	\$15,154,221	\$355,194	102.34%
5110 - 5110 - PCC1 REC Purchases	\$3,741,722	\$4,312,746	(\$571,025)	86.76%
5200 - 5200 - Resource Adequacy	\$12,769,151	\$13,364,214	(\$595,063)	95.55%
5220 - 5220 - Carbon Free Energy	\$550,000	\$550,000	\$0	100.00%
5400 - 5400 - CAISO Market Charges	\$1,208,605	\$4,404,332	(\$3,195,728)	27.44%
5500 - 5500 - Long Term PPA	\$1,333,307	\$145,087	\$1,188,220	918.97%
Total - 5100 - 5100 - Energy Procurement	\$35,112,199	\$37,930,601	(\$2,818,401)	92.57%
6100 - 6100 - Advertising/Marketing/Sponsorships	\$0	\$10,300	(\$10,300)	0.00%
6175 - 6175 - Postage	\$8,582	\$6,630	\$1,952	129.44%
6200 - 6200 - Printing/Copying	\$6,847	\$6,600	\$247	103.74%
6250 - 6250 - Professional Services				
6250 - 6250 - Professional Services	\$66,894	\$80,965	(\$14,071)	82.62%
6260 - 6260 - Audit/Accounting Services	\$12,350	\$0	\$12,350	100.00%
Total - 6250 - 6250 - Professional Services	\$79,244	\$80,965	(\$1,721)	97.87%
6280 - 6280 - Legal Services	\$44,705	\$52,100	(\$7,395)	85.81%
6500 - 6500 - Direct Program/Project Costs				
6550 - 6550 - Consultants	\$1,070,428	\$1,466,666	(\$396,238)	72.98%
6650 - 6650 - Outreach Services	\$8,591	\$13,200	(\$4,609)	65.09%
6675 - 6675 - Customer Programs	\$0	\$500,000	(\$500,000)	0.00%
Total - 6500 - 6500 - Direct Program/Project Costs	\$1,079,019	\$1,979,866	(\$900,846)	54.50%
7050 - 7050 - Account/Service Fees	\$6,400	\$57,375	(\$50,975)	11.15%
7175 - 7175 - Memberships	\$56,019	\$56,019	\$0	100.00%
7200 - 7200 - Office Supplies	\$0	\$750	(\$750)	0.00%
7225 - 7225 - Subscription Based Information Technology	\$2,518	\$0	\$2,518	100.00%
7275 - 7275 - Insurance	\$4,096	\$4,275	(\$179)	95.81%
7350 - 7350 - Bad Debt Expense	\$1,263,789	\$1,502,648	(\$238,859)	84.10%
Total - Expense	\$2,551,219	\$3,757,528	(\$1,206,309)	67.90%
Net Ordinary Revenue	(\$639,519)	\$198,092	(\$837,611)	-322.84%
Other Revenue and Expenses				
Other Revenue				
8001 - 8001 - Investment Income	\$571,976	\$420,308	\$151,668	136.08%
8005 - 8005 - Gain/(Loss) in Investments	\$6,726	\$0	\$6,726	100.00%
Total - Other Revenue	\$578,702	\$420,308	\$158,394	137.69%
Net Other Revenue	\$578,702	\$420,308	\$158,394	137.69%
Net Revenue	(\$60,817)	\$618,400	(\$679,217)	-9.83%

The Budget vs. Actual comparison is based on the original budget. An amended budget reflecting updates will be proposed at the March 23, 2026, Board meeting.

Desert Community Energy
Unaudited Changes to Net Position Prev Year Comparison
July 1, 2025 - December 31, 2025

Financial Row	Amount (7/1/2025 - 12/31/2025)		Comparative Amount (7/1/2024 - 12/31/2024)	Variance	% Variance
Ordinary Revenue/Expense					
Revenue					
4310 - 4310 - Carbon Free	\$28,794,032		\$32,450,395	(\$3,656,364)	-11.27%
4350 - 4350 - Desert Saver	\$6,311,224		\$8,386,465	(\$2,075,241)	-24.75%
4400 - 4400 - Energy Settlements	\$1,914,989	[a]	\$6,515,593	(\$4,600,604)	-70.61%
4900 - 4900 - Other Revenue	\$3,655		\$14,884	(\$11,229)	-75.44%
Total - Revenue	\$37,023,900		\$47,367,337	(\$10,343,437)	-21.84%
Expense					
5100 - 5100 - Energy Procurement					
5100 - 5100 - Energy Procurement	\$15,509,415		\$17,317,148	(\$1,807,733)	-10.44%
5110 - 5110 - PCC1 REC Purchases	\$3,741,722		\$2,961,672	\$780,050	26.34%
5200 - 5200 - Resource Adequacy	\$12,769,151		\$13,907,614	(\$1,138,463)	-8.19%
5220 - 5220 - Carbon Free Energy	\$550,000	[b]	\$4,916,358	(\$4,366,358)	-88.81%
5400 - 5400 - CAISO Market Charges	\$1,208,605	[c]	\$2,811,659	(\$1,603,054)	-57.01%
5500 - 5500 - Long Term PPA	\$1,333,307	[d]	\$0	\$1,333,307	100.00%
Total - 5100 - 5100 - Energy Procurement	\$35,112,199		\$41,914,450	(\$6,802,251)	-16.23%
5600 - 5600 - CPUC Penalty	\$0		\$1,750,159	(\$1,750,159)	-100.00%
6100 - 6100 - Advertising/Marketing/Sponsorships	\$0		\$3,503	(\$3,503)	-100.00%
6175 - 6175 - Postage	\$8,582		\$7,016	\$1,566	22.33%
6200 - 6200 - Printing/Copying	\$6,847		\$5,632	\$1,215	21.58%
6250 - 6250 - Professional Services					
6250 - 6250 - Professional Services	\$66,894		\$125,699	(\$58,805)	-46.78%
6260 - 6260 - Audit/Accounting Services	\$12,350		\$0	\$12,350	100.00%
Total - 6250 - 6250 - Professional Services	\$79,244		\$125,699	(\$46,455)	-36.96%
6280 - 6280 - Legal Services	\$44,705		\$32,117	\$12,588	39.19%
6500 - 6500 - Direct Program/Project Costs					
6550 - 6550 - Consultants	\$1,070,428		\$1,190,049	(\$119,621)	-10.05%
6650 - 6650 - Outreach Services	\$8,591		\$6,294	\$2,298	36.50%
6675 - 6675 - Customer Programs	\$0		\$1,628	(\$1,628)	-100.00%
Total - 6500 - 6500 - Direct Program/Project Costs	\$1,079,019		\$1,197,970	(\$118,951)	-9.93%
7050 - 7050 - Account/Service Fees	\$6,400		\$2,779	\$3,621	130.30%
7075 - 7075 - IT Services	\$0		\$3,079	(\$3,079)	-100.00%
7150 - 7150 - Training and Event Registration	\$0		\$43,790	(\$43,790)	-100.00%
7175 - 7175 - Memberships	\$56,019		\$0	\$56,019	100.00%
7225 - 7225 - Subscription Based Information Technology	\$2,518		\$0	\$2,518	100.00%
7275 - 7275 - Insurance	\$4,096		\$4,022	\$74	1.84%
7350 - 7350 - Bad Debt Expense	\$1,263,789		\$1,197,224	\$66,565	5.56%
Total - Expense	\$2,551,219		\$2,622,830	(\$71,610)	-2.73%
Net Ordinary Revenue	(\$639,519)		\$1,079,898	(\$1,719,417)	-159.22%
Other Revenue and Expenses					
Other Revenue					
8001 - 8001 - Investment Income	\$571,976		\$558,182	\$13,794	2.47%
8005 - 8005 - Gain/(Loss) in Investments	\$6,726		\$21,417	(\$14,691)	-68.59%
Total - Other Revenue	\$578,702		\$579,599	(\$897)	-0.15%
Other Expense					
7400 - 7400 - Interest Expense	\$0		\$0	\$0	100.00%
Total - Other Expense	\$0		\$0	\$0	100.00%
Net Other Revenue	\$578,702		\$579,599	(\$897)	-0.15%
Net Revenue	(\$60,817)	[e]	\$1,659,497	(\$1,720,314)	-103.66%

[a] The decrease is mainly due to a one-time environmental energy sale of approximately \$3.8 million in December 2024 that occurred in the prior year and did not recur in the current fiscal year.

[b] DCE revised its modeling of Carbon Free energy procurement for the Carbon Free rate program in 2025, which resulted in a reduction of necessary Carbon Free procurement to maintain the 100% requirement.

[c] DCE realized less charges from the organized energy market operator that administers the ISO market DCE participates in.

[d] New account for FY2025/26; it was combined with Energy Procurement in prior years.

[e] The net loss demonstrated in the first two quarter is partly due to the timing of energy purchases compared to when the costs were budgeted and will offset in a future quarter.

**DESERT COMMUNITY ENERGY
INVESTMENT REPORT
FOR SEPTEMBER 30, 2025**

Description	Carrying Amount	% of Total	Fair Market Value		% of Total	Annual %age Yield
CASH AND INVESTMENTS UNDER THE DIRECTION OF DCE						
River City Bank - Operating	\$ 199,172	0.66%	\$ 199,172		0.66%	N/A
River City Bank - DDM Marketplace Sweep	\$ 8,742	0.03%	\$ 8,742		0.03%	4.34%
River City Bank - ICS	\$ 4,235,499	14.14%	\$ 4,235,499		14.13%	4.33%
River City Bank - Lockbox	\$ 2,191,565	7.32%	\$ 2,191,565		7.31%	N/A
River City Bank - Money Market	\$ 405,750	1.35%	\$ 405,750		1.35%	2.28%
River City Bank - Stand-by FSR Letter of Credit	\$ 147,000	0.49%	\$ 147,000		0.49%	N/A
Local Agency Investment Fund (LAIF)	\$ 6,594,511	22.01%	\$ 6,607,235	[a]	22.05%	4.34%
CAMP	\$ 16,177,201	54.00%	\$ 16,177,201		53.98%	4.27%
Overall Total	\$ 29,959,439	100.00%	\$ 29,972,164		100.00%	

Note:

[a] Source of Market Values - LAIF, State of California Pooled Money Investment Account Market Valuation - September 2025. Paper Gain/(Loss) was 0.193%. Fair market value includes accrued interest.

DCE's investment portfolio demonstrates its ability to fully sustain its expenditure requirements for at least the next six months and beyond including all liquidity requirements for the foreseeable future.

Duly submitted by:



Claude T. Kilgore
Director of Finance

**DESERT COMMUNITY ENERGY
INVESTMENT REPORT
FOR DECEMBER 31, 2025**

Description	Carrying Amount	% of Total	Fair Market Value		% of Total	Annual %age Yield
CASH AND INVESTMENTS UNDER THE DIRECTION OF DCE						
River City Bank - Operating	\$ 199,135	0.58%	\$ 199,135		0.58%	N/A
River City Bank - ICS	\$ 4,589,562	13.43%	\$ 4,589,562	[a]	13.42%	4.19%
River City Bank - Lockbox	\$ 4,107,288	12.02%	\$ 4,107,288		12.01%	N/A
River City Bank - Money Market	\$ 406,551	1.19%	\$ 406,551		1.19%	2.28%
River City Bank - Stand-by FSR Letter of Credit	\$ 147,000	0.43%	\$ 147,000		0.43%	N/A
Local Agency Investment Fund (LAIF)	\$ 6,666,548	19.50%	\$ 6,681,091	[b]	19.54%	4.20%
CAMP	\$ 18,062,636	52.85%	\$ 18,062,636		52.83%	3.90%
Overall Total	\$ 34,178,720	100.00%	\$ 34,193,263		100.00%	

Note:

[a]The DDM cash sweep account with River City Bank was closed in September 2025 and replaced with an ICS account.

[b] Source of Market Values - LAIF, State of California Pooled Money Investment Account Market Valuation - December 2025. Paper Gain/(Loss) was 0.218%. Fair market value includes accrued interest.

DCE's investment portfolio demonstrates its ability to fully sustain its expenditure requirements for at least the next six months and beyond including all liquidity requirements for the foreseeable future.

Duly submitted by:



Claude T. Kilgore
Director of Finance

ITEM 5J

Desert Community Energy Board
March 23, 2026



STAFF REPORT

Subject: Update on Calpine Community Energy’s Community Benefits Grant Program

Contact: Lisa McNeilly, Director of Energy & Sustainability (lmcneilly@cvaq.org)

Recommendation: Information

Background: Calpine Community Energy (Calpine) provides front-line customer services for DCE. The relationship dates back to February 2018, when the DCE Board authorized a contract with Calpine to provide data management and customer call center services through February 26, 2025. On May 19, 2025, the Board approved an agreement with Calpine Community Energy to provide data management and customer call center services through April 2028.

In addition to the continuation of existing services, the new contract establishes a community benefits grants program for the DCE service territory. For this program, Calpine rebates two percent of the annual data management service fees directly to local non-profit organizations that help advance clean energy, sustainability, and resiliency in support of DCE’s mission. At the September 2025 Board meeting, Calpine shared preliminary information about the anticipated rollout of the community benefits grant program and gathered the Board’s input on how to coordinate these efforts with the City of Palm Springs’ other community engagement efforts.

DCE staff have begun working with Calpine to further refine elements of the program, which is now anticipated to launch in May 2026. Eligible organizations must be IRS-designated 501(c)3 nonprofit(s) in the DCE service territory, with a local or regional focus, and applications should align with one or more focus areas (environmental and social justice communities research, education, and/or workforce development). Calpine will collaborate with DCE staff on the grant guidelines, on promotion of the program, and on the evaluation of applications, but has sole responsibility for awarding the funds. With approximately \$11,000 in available funding for 2026, DCE expects to award one to three grants, which will have a one-year term. Applications will be relatively simple and include a short description of the proposed work and a high-level budget.

DCE staff will be creating a dedicated grant webpage and send an informational email to Palm Springs–based 501(c)3 organizations using publicly available sources to compile the distribution list. The application period should be open for at least six weeks, with grant awardees notified in late summer or early fall. Staff will continue to provide updates to the Board as details are finalized and will notify the Board when the program launches.

Fiscal Analysis: There is no cost to DCE for this informational report. Calpine’s contract for data management and customer call center services costs about \$590,000 annually. The new contract includes the two percent rebate for the proposed community benefits grants program, which was not a benefit included in the prior contract. The grant amount is projected to equate to \$11,000 or more benefitting non-profit organizations in DCE’s service territory.