DESERT COMMUNITY ENERGY
MEETING AGENDA

Tuesday, November 17, 2026
1:30 p.m.

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

This is a special meeting. 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=duz7EDH2plm2bacxCiBGlAlnWRKscp.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 **P5**
Pledge of Allegiance
Agenda Modifications
Conflict of Interest Disclosure

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. **CONSENT CALENDAR**

A. **Approve the minutes of the June 24, 2026 meeting** **P6**

B. **Approve Resolution No. 2026-06 and Policy Number 26-01 approving, amending DCE's Conflict of Interest Code, and authorize submission of the amended Code to the Riverside County Board of Supervisors, DCE's Code Reviewing Body, for approval and filing** **P10**

C. **Authorize the Executive Director to execute Amendment No. 1 to the agreement with MRW & Associates, LLC, providing an additional not-to-exceed amount of $17,000 to provide compliance support related to the 2026 Integrated Resource Plan** **P17**

D. **Re-appoint Community Advisory Committee members Berlinda Blackburn, Noel Loughrin, Bernard Rottner, and Donald Zeigler, for terms through December 31, 2028** **P20**

E. **Authorize the Executive Director to negotiate and execute agreements for the allocation of DCE's California Independent System Operator (CAISO) Commercial Interest Points (CIP) as part of the interconnection cluster process** **P21**

4.1 **ITEM(S) HELD OVER FROM CONSENT CALENDAR**

5. DISCUSSION / ACTION

A. DCE's Audited Financial Results for Fiscal Year 2025-26 – Claude Kilgore **P23**

Recommendation: Receive and file the Audited Financial Statements for the year ended June 30, 2026, Report on Internal Controls over Financial Reporting, and the Auditor's Communication with Those Charged with Governance

B. 2027-28 Legislative Platform – Emmanuel Martinez **P60**

Recommendation: Adopt the 2027-28 DCE Legislative Platform to provide policy direction and advocacy guidance on legislative, regulatory, and funding matters and authorize the Executive Director and Chair to take all steps required to advocate for DCE's policy positions

C. Update on Pre-Pay Bond Financing Transaction – Lisa McNeilly **P77**

Recommendation: Authorize the Executive Director to take the necessary steps to finalize and execute a Limited Assignment Agreement (LAA) with Clean Energy Alliance (CEA)

D. Establishing a Matching Program for City of Palm Springs Residential Upgrade Program – Lisa McNeilly **P79**

Recommendation: Authorize the Executive Director to establish a financial match to the City of Palm Springs' new Energy Efficiency Home Upgrade Pilot Program and return to the Board to formalize a Memorandum of Understanding

E. Generation Rate Decrease for Carbon Free Customers – Lisa McNeilly **P81**

Recommendation: Affirm a 6.7 percent generation rate decrease for Carbon Free customers effective January 1, 2027

6. INFORMATION

A) Attendance Record **P83**

B) DCE's Financial Reserves Policy Update **P84**

C) Calpine Community Energy's Community Benefits Grant Program **P86**

D) 2025 Power Content Label **P88**

E) Summary of October 2026 Rate Adjustment **P90**

F) DCE's Quarterly Investment Report through June 30, 2026 **P92**

G) Year-to-Year Financial Report as of June 30, 2026 **P94**

7. 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.

8. ANNOUNCEMENTS

The next **DCE Board** meeting will be held January 11, 2027 at 3:00 p.m. at the Large Conference Room at Palm Springs City Hall, 3200 E. Tahquitz Canyon Way, Palm Springs, 92262.

9. 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
Meeting Minutes
June 24, 2026

The audio file for this meeting can be found at: http://www.desertcommunityenergy.org

1. CALL TO ORDER

The meeting of the DCE Board was called to order by Chair Jeffrey Bernstein at 11 a.m. at Palm Springs City Hall, Large Conference Room, 3200 E. Tahquitz Canyon Way, Palm Springs, CA 92262.

Roll call was taken, and it was determined that a quorum was present.

Members Present	Member Jurisdiction
Councilmember Jeffrey Bernstein, *Chair*	City of Palm Springs
Finance Director Veronica Chavez, *Vice Chair*	City of Palm Desert

There were no agenda modifications. The Board and audience members recited the Pledge of Allegiance.

2. PUBLIC COMMENTS ON AGENDA ITEMS

None.

3. BOARD MEMBER/EXECUTIVE DIRECTOR COMMENTS

Director of Energy & Sustainability Lisa McNeilly announced that the DCE Community Advisory Committee will begin its new term in July and has vacancies available. Interested individuals may apply on the DCE website. Ms. McNeilly also reported that the DCE 2025 Supplier Diversity Program was approved at a recent DCE meeting and noted that minor cosmetic changes have since been made.

4. CONSENT CALENDAR

Prior to the vote, Vice Chair Chavez requested to pull item 4G from the Consent Calendar for discussion.

IT WAS MOVED BY VICE CHAIR CHAVEZ AND SECONDED BY CHAIR BERNSTEIN TO:

A. Approve the minutes of the September 15, 2025 meeting

B. Approve the minutes of the November 20, 2025 special meeting

C. Approve the minutes of the March 23, 2026 special meeting

D. Authorize the Executive Director to execute a termination agreement with Desert Sands Energy Storage II, LLC, ending the 2023 Energy Storage Agreement

E. Adopt Resolution 2026-02, approving the 2025 Power Source Disclosure Annual Report and affirming the Executive Director's authority to complete all actions necessary for submittal to the California Energy Commission, including attesting to its veracity

F. Adopt Resolution No. 2026-03, authorizing the Executive Director to prepare and approve DCE's 2026 Integrated Resource Plan and complete all actions necessary for submittal to the California Public Utilities Commission

THE MOTION CARRIED WITH 2 AYES.

Chair Jeffrey Bernstein	**Aye**
Vice Chair Veronica Chavez	**Aye**

Item 4G was presented to the Board for discussion. Director of Finance Claude Kilgore answered questions regarding the timing of moving a policy forward in the future.

IT WAS MOVED BY CHAIR BERNSTEIN AND SECONDED BY VICE CHAIR CHAVEZ TO:

G. Authorize the classification of all fiscal year 2025-26 revenue above a 2.0x fixed charge coverage ratio to the Stabilization Special Reserves Fund, in accordance with Governmental Accounting Standards Board Statement No. 62, with the final deferred revenue amount to be determined based on final fiscal year-end operating results

THE MOTION CARRIED WITH 2 AYES.

Chair Jeffrey Bernstein	**Aye**
Vice Chair Veronica Chavez	**Aye**

5. DISCUSSION / ACTION

A. DCE Fiscal Year 2026-27 Budget

Mr. Kilgore presented the budget and detailed the projections for two decreases on generation rates. Member discussion ensued.

Robust member discussion ensued with Mr. Kilgore and Ms. McNeilly answering questions regarding reserves and other items presented in the report.

IT WAS MOVED BY VICE CHAIR CHAVEZ AND SECONDED BY CHAIR BERNSTEIN TO ADOPT RESOLUTION 2026-04, APPROVING DCE'S FISCAL YEAR 2026-27 BUDGET AND APPROVE A 4 PERCENT GENERATION RATE

DECREASE FOR CARBON FREE CUSTOMERS EFFECTIVE JULY 1, 2026 AND A SECOND GENERATION RATE DECREASE FOR CARBON FREE CUSTOMERS EFFECTIVE JANUARY 1, 2027, CURRENTLY BUDGETED AT 6.7 PERCENT, PENDING OPERATING RESULTS DURING THE FISCAL YEAR

THE MOTION CARRIED WITH 2 AYES.

Chair Jeffrey Bernstein	**Aye**
Vice Chair Veronica Chavez	**Aye**

B. Final Authorizations for Pre-Pay Bond Financing

Ms. McNeilly introduced the item and provided an overview of the next steps for the pre-pay bond financing.

Member discussion ensued with Michael Fleshman, advisor with Goldman Sachs, joining the meeting via Zoom, to help answer questions regarding market conditions for this type of bond.

IT WAS MOVED BY VICE CHAIR CHAVEZ AND SECONDED BY CHAIR BERNSTEIN TO AUTHORIZE THE ADDITIONAL STEPS TO ESTABLISH PRE-PAYMENT BOND FINANCING INCLUDING: 1.) AUTHORIZE THE EXECUTIVE DIRECTOR TO TAKE THE NECESSARY STEPS TO FINALIZE AND EXECUTE LIMITED ASSIGNMENT AGREEMENTS (LAAS) AMONG DCE, J. ARON & COMPANY (A SUBSIDIARY OF GOLDMAN SACHS), AND FOUR SELLERS IDENTIFIED IN EXISTING POWER PURCHASE AGREEMENTS (COACHELLA WIND HOLDINGS, SAN GORGONIO II WESTWINDS/ALTWIND, SAN GORGONIO II WESTWINDS/EAST WIND, AND SAN GORGONIO WESTWINDS II); 2.) AUTHORIZE THE EXECUTIVE DIRECTOR TO TAKE THE NECESSARY STEPS TO FINALIZE AND EXECUTE THE PROPOSED EDISON ELECTRIC INSTITUTE MASTER AGREEMENT AND CONFIRMATION WITH CLEAN ENERGY ALLIANCE, ALONG WITH A CORRESPONDING LAA; 3.) ADOPT RESOLUTION NO. 2026-05 AUTHORIZING THE EXECUTION AND DELIVERY OF A CLEAN ENERGY PURCHASE CONTRACT AND CERTAIN OTHER DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY CLEAN ENERGY PROJECT REVENUE BONDS; AND CERTAIN OTHER ACTIONS REQUIRED TO ENSURE THE REDUCTION IN THE COST OF RENEWABLE ENERGY THEREWITH; AND 4.) AUTHORIZE THE EXECUTIVE DIRECTOR TO TAKE ANY FURTHER STEPS NECESSARY TO FULLY EXECUTE THE PRE-PAY TRANSACTION

THE MOTION CARRIED WITH 2 AYES.

Chair Jeffrey Bernstein	**Aye**
Vice Chair Veronica Chavez	**Aye**

6. <u>INFORMATION</u>

A) Attendance Record

B) Assignment Agreement for Resi Station Contract

C) Community Advisory Committee Update

D) Unaudited Year-to-Year Financial Report as of March 31, 2026

E) DCE's Quarterly Investment Report through March 31, 2026

F) Governmental Accounting Standards Board's (GASB) Video Series

G) Coachella Valley Association of Governments' annual meeting calendar

H) Calpine Community Energy's Community Benefits Grant Program

These items were placed in the agenda packet for members' information.

7. PUBLIC COMMENT ON NON-AGENDA ITEMS

Donald Zeigler, a resident of the City of Palm Desert, addressed the Board and requested that a future agenda item be considered regarding the City of Palm Desert's status in joining Desert Community Energy (DCE).

8. ANNOUNCEMENTS

Chair Bernstein announced that the previously scheduled September DCE Board meeting date conflicts with another commitment. As a result, the next **DCE Board meeting** will be held in September at a date, time, and location to be determined.

The next meeting of the Coachella Valley Association of Governments' **General Assembly** will be held on Monday, June 29, 2026, at 6 p.m. at Fantasy Springs Resort's Special Events Center, 84-245 Indio Springs Parkway, Indio, 92203.

8. ADJOURNMENT

There being no further business, Chair Bernstein adjourned the meeting at 11:54 a.m.

Respectfully submitted,

Elysia Regalado
Deputy Clerk

ITEM 4B

Desert Community Energy Board
November 17 2026

DESERT COMMUNITY ENERGY
The POWER of choice

STAFF REPORT

Subject: **Update to DCE's Conflict of Interest Code**

Contact: Elysia Regalado, Clerk of the Board (eregalado@cvag.org)

Recommendation: Approve Resolution No. 2026-06 and Policy Number 26-01 approving, amending DCE's Conflict of Interest Code, and authorize submission of the amended Code to the Riverside County Board of Supervisors, DCE's Code Reviewing Body, for approval and filing

Background: The Political Reform Act requires agencies to periodically review and amend their Conflict of Interest Codes when warranted by changed circumstances, including organizational changes, position reclassifications, or revisions to disclosure requirements. In addition, Riverside County is conducting its biennial review of local agency Conflict of Interest Codes, which requires agencies to review their codes and submit amendments as necessary. Desert Community Energy (DCE) last amended its Conflict of Interest Code in March 2018.

DCE staff is recommending amendments to the Conflict of Interest Code to reflect organizational and regulatory changes since the last update. Pursuant to a staffing agreement, DCE is staffed by the Coachella Valley Association of Governments (CVAG), and the proposed amendments incorporate position classifications adopted as part of CVAG's Fiscal Year 2026-27 Budget. The amendments include the addition of newly designated positions, the removal of obsolete positions, revisions to disclosure categories, and the formal adoption of the Fair Political Practices Commission (FPPC)'s standard Conflict of Interest Code language.

The proposed amendments also reflect changes in State law related to Government Code Section 87200 filers, which now require certain designated officials to file Statements of Economic Interests directly with the FPPC. References in the existing Conflict of Interest Code have been updated accordingly to ensure consistency with current legal requirements.

Due to the length of time since the code was last revisited, and new requirements, staff overhauled the previous code to be consistent with CVAG's and is not providing a redlined version. Staff recommends adoption of the amended Conflict of Interest Code, which aligns with DCE's current organizational structure, staffing model, and applicable state conflict of interest requirements.

Fiscal Analysis: There is no cost to DCE for these updates.

Attachments:

1. Updated Conflict of Interest Code (DCE Policy 26-01)
2. Resolution 2026-06

DCE POLICY # 26-01
Conflict of Interest Code for Desert Community Energy

Desert Community Energy was formed on October 30, 2017 pursuant to a Joint Powers Agreement to implement, operate, and manage a Community Choice Aggregation program in the Coachella Valley in Riverside County, CA. In conformance with Government Code Sections 87300 et seq., Desert Community Energy hereby adopts and promulgates this Conflict of Interest Code.

Reference is hereby made to California Administrative Code Section 18730, and by this reference said section, as it now reads and as it may hereafter be duly amended by the Fair Political Practices Commission, is incorporated herein as if set forth in full.

Attached hereto as Part A is a list of officials who manage public investments and are required to file Statements of Economic Interests pursuant to Government Code section 87200.

Attached hereto as Appendix A is a list of designated positions and the disclosure categories assigned to those positions.

Attached hereto as Appendix B is a schedule of disclosure categories identifying the economic interests which must be disclosed by designated positions.

All designated employees and officials required to file a Statement of Economic Interests pursuant to this Conflict of Interest Code shall file their statements with the CVAG Clerk of the Board, who is designated as the Filing Officer for Desert Community Energy (DCE). Officials who manage public investments and are required to file pursuant to Government Code section 87200 shall file Statements of Economic Interests in accordance with applicable FPPC requirements. The Clerk of the Board shall retain Statements of Economic Interests filed with DCE and make them available for public inspection and reproduction as required by law.

All officials and designated positions required to submit a Statement of Economic Interests shall complete ethics training as required by Government Code section 53235 (AB 1234). The Clerk of the Board, as DCE's Filing Officer, shall maintain records documenting compliance with the training requirements, including the dates on which filers satisfied the training requirements and the entity that provided the training. Such records shall be retained for at least five years after completion of training and shall constitute public records subject to disclosure under the California Public Records Act and Government Code section 53235.2.

APPENDIX

CONFLICT OF INTEREST CODE

DESERT COMMUNITY ENERGY

(Amended November 17, 2026)

PART A

OFFICIALS WHO MANAGE PUBLIC INVESTMENTS

Officials who manage public investments, as defined by 2 California Code of Regulations section 18700.3, are required to file Statements of Economic Interests pursuant to Government Code section 87200. and applicable FPPC requirements. These positions are listed here for informational purposes only and are not subject to the disclosure categories contained in this Conflict of Interest Code.

It has been determined that the positions listed below are officials who manage public investments[1]:

Member of the Board of Desert Community Energy

Executive Director

Deputy Executive Director

Director of Finance

Investment Consultant

[1] An individual holding one of the above-listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by Government Code section 87200.

APPENDIX A
DESERT COMMUNITY ENERGY
CONFLICT OF INTEREST CODE
DESIGNATED EMPLOYEES/POSITIONS

TITLE	DISCLOSURE CATEGORY
Any other standing committee created by DCE	1
Director of Energy & Sustainability	1
Program Manager (Energy & Sustainability)	1
DCE General Counsel	1
Program Manager (Accounting/Finance)	1
Senior Accountant	2
Management Analyst II (Energy & Sustainability)	1
*Consultants and New Positions	1

* Individuals serving as a Consultant as defined in FPPC Reg 18701 or in a new position created since this Code was last approved that makes or participates in making of governmental decisions must disclose pursuant to the broadest disclosure category in the code subject to the following limitation:

The Executive Director may determine in writing that due to the range of duties or contractual obligations, it is more appropriate to assign a limited disclosure requirement. Such written determination shall include a clear description of the duties and, based upon that description, a statement of the extent of disclosure requirements. The Executive Director's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest code.

APPENDIX B

DESERT COMMUNITY ENERGY
CONFLICT OF INTEREST CODE
DISCLOSURE CATEGORIES

CATEGORY 1

Filers in this category shall disclose the following:

a) All investments, business positions in business entities and sources of income, including gifts, loans and travel payments.

b) Interests in real property located in the jurisdiction.

CATEGORY 2

Filers in this category shall disclose the following:

a) All investments, business positions in business entities and income, including gifts, loans, and travel payments from sources that provide leased facilities, goods, equipment, vehicles, machinery, or services, including training or consulting services, of the type utilized by the Agency.

RESOLUTION NO. 2026-06

A RESOLUTION OF THE BOARD OF DIRECTORS OF DESERT COMMUNITY ENERGY TO AMEND THE CONFLICT OF INTEREST CODE PURSUANT TO THE POLITICAL REFORM ACT OF 1974

WHEREAS, the State of California enacted the Political Reform Act of 1974, Government Code section 81000 et seq. (the "Act"), which contains provisions relating to conflicts of interest which potentially affect all officers, employees and consultants of the Desert Community Energy ("DCE") and requires all public agencies to adopt and promulgate a conflict of interest code; and

WHEREAS, the Board of Directors of Desert Community Energy adopted a Conflict of Interest Code (the "Code") which was most recently amended on November 9, 2023; and

WHEREAS, pursuant to the biennial review required under the Political Reform Act and due to organizational, classification, and legal changes affecting DCE, including revisions to filing requirements applicable to Government Code section 87200 filers, it is necessary to amend and update DCE's Conflict of Interest Code pursuant to Government Code sections 87306 and 87307; and

WHEREAS, the potential penalties for violation of the provisions of the Act are substantial and may include criminal and civil liability, as well as equitable relief which could result in DCE being restrained or prevented from acting in cases where the provisions of the Act may have been violated; and

WHEREAS, notice of the time and place of a public meeting on, and of consideration by the Board of Directors of Desert Community Energy, the proposed amended Code was provided to each affected designated position and publicly posted for review; and

WHEREAS, a public meeting was held upon the proposed amended Code at a regular meeting of the Board of Directors of Desert Community Energy on November 17, 2026 at which all present were given an opportunity to be heard on the proposed amended Code.

NOW, THEREFORE, BE IT RESOLVED BY BOARD OF DIRECTORS OF DESERT COMMUNITY ENERGY AS FOLLOWS:

1. The Board of Directors of Desert Community Energy hereby adopt the amended Conflict of Interest Code attached hereto and incorporated herein by this reference, which shall be maintained on file by the CVAG Clerk of the Board, acting as Clerk of Desert Community Energy, and made available for public inspection during regular business hours.

2. The amended Conflict of Interest Code shall be submitted to the Riverside County Board of Supervisors, as DCE's Code Reviewing Body, for approval pursuant to the Political Reform Act. The amended Code shall become effective upon approval by the Riverside County Board of Supervisors.

3. Upon the effective date of the amended Conflict of Interest Code, all prior versions and amendments thereto are hereby superseded and rescinded.

PASSED AND ADOPTED at a meeting of the Board of Directors of Desert Community Energy held on November 17, 2026

ATTEST:

_____
Jeffrey Bernstein, Chair
Desert Community Energy

_____
Tom Kirk, Secretary
Desert Community Energy

AYES:_____ NAYS: _____ ABSENT: _____ ABSTAIN: _____

ITEM 4C

Desert Community Energy Board
November 17 2026

DESERT COMMUNITY ENERGY
The POWER of choice

STAFF REPORT

Subject: **MRW contract modification**

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

Recommendation: Authorize the Executive Director to execute Amendment No. 1 to the agreement with MRW & Associates, LLC, providing an additional not-to-exceed amount of $17,000 to provide compliance support related to the 2026 Integrated Resource Plan

Background: The Integrated Resource Plan (IRP) is a statutory requirement of the California Public Utilities Commission (CPUC) for all load-serving entities, including DCE and other Community Choice Aggregators. The IRP process is intended to ensure that California's electricity system meets its greenhouse gas (GHG) reduction targets while maintaining reliability and cost-effectiveness. IRPs are generally submitted every two years and include a narrative describing the load-serving entity's procurement strategy, as well as quantitative portfolio data submitted through CPUC-required templates. In addition, DCE must submit IRP and procurement compliance filings every six months. The 2026 IRP process was previously discussed with the DCE Board at its March 2026 meeting.

In June 2025, following a public procurement process, the Board authorized a two-year professional services agreement with MRW & Associates, LLC (MRW) for a not-to-exceed amount of $51,890 through June 30, 2027. The scope included development of the IRP, preparation of required data templates and the IRP narrative, procurement compliance filings, regulatory compliance support, and other as-needed assistance. The agreement also allowed DCE to authorize extra work beyond the existing scope, subject to Board approval where required.

MRW has supported DCE through four IRP cycles and has significant experience navigating CPUC IRP and procurement compliance requirements. Its regulatory knowledge has been particularly valuable given the complexity of the IRP process and continually evolving CPUC guidance.

The 2026 IRP cycle required substantially more effort than originally anticipated and was more complex than the 2022 cycle. Since the previous IRP, the CPUC has expanded and refined its procurement compliance requirements, updated the Resource Data Template and modeling tools, introduced new considerations associated with Assembly Bill 1373 centralized procurement, and required more detailed reporting of Mid-Term Reliability (MTR) procurement and compliance. This additional complexity was compounded by multiple portfolio iterations, additional modeling needs, repeated updates to CPUC guidance and filing templates, and MTR compliance questions and follow-up. Additional work was also required immediately before the filing deadline to complete the IRP and respond to last-minute compliance questions. This additional effort exhausted the existing contract budget sooner than anticipated.

The 2026 IRP was submitted by the August 10, 2026 deadline as previously authorized by the DCE Board. DCE selected the "High Renewable Portfolio" as its Preferred Portfolio. Key highlights of the final IRP include:

- The preferred portfolio meets or exceeds DCE's assigned greenhouse gas (GHG) emissions benchmarks and projected reliability requirements through 2045.

- The portfolio supports DCE's objective of moving the Carbon Free product to 100% renewable energy and the Desert Saver product to 60% renewable by 2030. The portfolio also achieves a carbon-free wholesale power supply by 2030.

- The IRP makes planning assumptions about procurement of resources including 73 MW of solar paired with eight-hour battery storage, 12 MW of out-of-state wind, and 11 MW of existing in-state wind. These, along with DCE's existing contracted renewable energy, energy storage, demand response, and other resources, will be evaluated as part of decisions about DCE's future procurement processes.

The CPUC is now reviewing DCE's filing, with Energy Division staff requesting a revision of the RDT (Resource Data Template) that had been completed by DCE. After completing its review, the CPUC will determine whether to certify DCE's IRP as compliant with applicable requirements.

In order to support the finalization of the IRP, as well as additional tasks needed during the review, staff is now recommending Amendment No. 1 to cover anticipated tasks through June 30, 2027. This will include the December 2026 and June 2027 Resource Data Template filings, additional MTR compliance support, and any re-submittals based on CPUC feedback. The recommended action would also authorize the Executive Director and/or Legal Counsel to make clarifying changes to the contract prior to execution.

Fiscal Analysis: Amendment No. 1 would increase the MRW contract by $17,000, resulting in a revised not-to-exceed amount of $68,890 through June 30, 2027. Funding is available in DCE's approved Fiscal Year 2026-27 Budget.

Attachments:

1. Amendment No. 1 to the Agreement with MRW & Associates, LLC
2. DCE 2026 Integrated Resource Plan

AMENDMENT NUMBER ONE
to the
MRW & ASSOCIATES, LLC
PROFESSIONAL SERVICES AGREEMENT
for
2025-2027 INTEGRATED RESOURCE PLAN CYCLE

This **AMENDMENT NUMBER ONE** is made and entered into this **16th day of November 2026**, by and between the **DESERT COMMUNITY ENERGY**, a California joint powers agency **("DCE")**, and **MRW & ASSOCIATES, LLC ("Consultant")**, and is made with reference to the following background facts and circumstances. All other terms and conditions shall remain the same as stated in the original Agreement dated **June 16, 2025**, for services in relation to DCE's 2025-2027 Integrated Resource Plan ("**IRP**") cycle.

1. **This Amendment Number One adds funding in the amount of $17,000.**
2. **The total amount payable under this Agreement shall not exceed $68,890.**

Original Agreement	June 16, 2025	$51,890
Amendment Number One	November 16, 2026	$17,000
Total Agreement Not-to-Exceed		**$68,890**

IN WITNESS WHEREOF, the parties hereto have caused this **Amendment Number One** to be executed by their duly authorized representatives on this date:

DESERT COMMUNITY ENERGY

By: _____
Tom Kirk, DCE Executive Director

MRW & ASSOCIATES, LLC

By: _____
Mark Fulmer, President

DRAFT

ITEM 4D

Desert Community Energy Board
November 17, 2026

DESERT COMMUNITY ENERGY
The POWER of choice

STAFF REPORT

Subject: **Community Advisory Committee Appointments**

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

Recommendation: **Re-appoint Community Advisory Committee members Berlinda Blackburn, Noel Loughrin, Bernard Rottner, and Donald Zeigler, for terms through December 31, 2028**

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, as well as help ensure that efforts to educate and inform member communities about DCE's efforts and programs are broad and inclusive. The CAC has met at various times to discuss a variety of topics and issues.

The first members of the CAC were appointed by the DCE Board at the June 2019 meeting. At the August 2021 meeting, the DCE Board reappointed eight members of the CAC from Palm Springs and Palm Desert and appointed another Palm Springs resident to fill a vacancy. In September and December 2024, the Board re-appointed five previous CAC members and appointed two new CAC members for membership through June 2026.

During the past two years, the CAC met seven times to discuss various topics, such as extreme heat, potential customer programs, energy procurement, and outreach. The CAC last met on April 13, 2026, at the Coachella Valley Association of Governments' (CVAG) office in the City of Palm Desert. During the meeting, DCE staff provided updates on several ongoing initiatives, including DCE's upcoming small business energy-efficiency program, Calpine Community Energy's Community Benefits Grant Program, and the launch of the Inland Regional Energy Network (I-REN) Residential Incentive Finder Tool.

As the previous term concluded on June 30, 2026, DCE staff polled the existing members and found that four members were interested in continuing to serve. They are Noel Loughrin and Bernard Rottner of Palm Springs and Berlinda Blackburn and Donald Zeigler of Palm Desert. DCE staff recommends that they be reappointed for a term extending through December 31, 2028 in order to get the CAC terms on a calendar-year schedule.

There remain vacancies on the CAC. DCE staff will continue to recruit additional volunteers and welcomes recommendations from the Board and City Council members. The DCE website also has an ongoing invitation to apply to the CAC.

Fiscal Analysis: The CAC is a volunteer group, and support for the CAC is covered under existing staff time.

ITEM 4E

Desert Community Energy Board
November 17, 2026

DESERT COMMUNITY ENERGY
The POWER of choice

STAFF REPORT

Subject: **Allocation of CAISO Interconnection Commercial Interest Points**

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

Recommendation: Authorize the Executive Director to negotiate and execute agreements for the allocation of DCE's California Independent System Operator (CAISO) Commercial Interest Points (CIP) as part of the interconnection cluster process

Background: The California Independent System Operator (CAISO) has implemented reforms to its generator interconnection process to address the growing number of generation and energy storage projects seeking interconnection to the transmission system. Requests submitted during an application window are grouped into a "queue cluster." Projects are evaluated together to identify the transmission facilities and upgrades needed to connect them. The CIP framework was introduced as part of CAISO's Cluster 15 in 2024. This reform introduced a scoring process to prioritize projects based on commercial interest, project viability, and system need where there are transmission constraints. CAISO assigns each participating Load Serving Entity (LSE), such as DCE and other CCAs, an allocation of Commercial-Interest Points (CIP) at no cost, which LSEs may award to proposed projects seeking Transmission Plan Deliverability (TPD) or Energy Only (EO) interconnection. The allocation does not guarantee project deliverability or commit DCE to a power purchase agreement.

Details of DCE's initial participation in the Cluster 15 process were described in a report on long-term procurement that was presented to the Board in December 2024. At that time, DCE issued a Request for Information (RFI) to identify eligible generation and storage projects, receiving responses from 12 developers. Following an evaluation by DCE staff and The Energy Authority (TEA), staff identified Terra-Gen's J90 Battery Storage Project in Los Angeles County and NextEra Energy Resources' Rock Valley II Solar and Storage Project in Nevada to receive DCE's full allocation of Transmission Plan Deliverability (TPD) and Energy Only (EO) points, respectively. In exchange, DCE negotiated rights of first offer for future power purchase agreements associated with these projects.

For Cluster 16, DCE again received TPD and EO allocations and issued a similar RFI seeking proposals from developers interested in receiving its commercial-interest points. Responses covered 35 distinct projects from 13 developers. After review by DCE staff and TEA against DCE's published selection criteria, DCE submitted its 34 MW TPD commercial-interest allocation to support a Terra-Gen energy storage project and negotiated contractual benefits intended to support continuity of DCE's existing local renewable energy supply. These benefits provide an opportunity for future procurement discussions but do not guarantee a new power purchase agreement. DCE did not assign its EO allocation.

Commercial interest points can provide benefits beyond supporting individual interconnection requests. Through discussions with developers, DCE staff has the potential to obtain a range of

benefits, including financial compensation, opportunities to extend existing renewable energy contracts, preferential participation in future projects, or other benefits that support its long-term procurement objectives.

CAISO's interconnection process operates under prescribed timelines, which require DCE staff and consultants to evaluate projects, negotiate terms, and submit point allocations within a relatively short period. Staff has been completing these point allocations as part of administrative and procurement procedures. Staff is now recommending the Board formalize this process by explicitly providing the Executive Director with ongoing authority to negotiate and execute CIP allocation agreements that allow DCE to respond to these opportunities without requiring separate or advance Board approval for each allocation.

The recommended action would apply to allocation agreements in future CAISO interconnection cluster processes. The Executive Director would report any allocations and associated agreements back to the Board at a subsequent meeting, with disclosure of commercially sensitive information reviewed by legal counsel. Any related power purchase agreement would still require Board approval.

Fiscal Analysis: Coordination of the CAISO interconnection cluster process is handled through existing staff time.

ITEM 5A

Desert Community Energy Board
November 17, 2026

DESERT COMMUNITY ENERGY
The POWER of choice

STAFF REPORT

Subject: **DCE's Audited Financial Results for Fiscal Year 2025-26**

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

Recommendation: **Receive and file the Audited Financial Statements for the year ended June 30, 2026, Report on Internal Controls over Financial Reporting, and the Auditor's Communication with Those Charged with Governance**

Background: Since its inception, DCE has engaged the Coachella Valley Association of Governments (CVAG) to provide staffing and other administrative tasks including financial oversight and accounting. CVAG's Financial Statements Audit Procurement Policy requires that CVAG obtain proposals from qualified auditing firms to perform CVAG's annual financial audit every five years. In June 2021, CVAG hired the audit firm of Davis Farr LLP – a firm with an impressive history of professional work in the Coachella Valley – for engagement as the independent auditor for CVAG, DCE and the Coachella Valley Conservation Commission (CVCC). The selection was for five fiscal years starting with Fiscal Year 2020-21. CVAG made a one-time extension to add a sixth year in the spring of 2025 in order to provide auditor continuity through CVAG's Enterprise Resource Planning system implementation, which is also DCE's financial system.

Presented with this staff report is the sixth year-end audit by Davis Farr LLP. Davis Farr LLP performed the annual audit over DCE's Basic Financial Statements as of June 30, 2026, and for the fiscal year then ended which include the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows, and Notes to the Basic Financial Statements. Davis Farr issued an Unmodified Opinion, which means that DCE's Basic Financial Statements present fairly, in all material respects, the respective financial position of DCE as of June 30, 2026, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with US Generally Accepted Accounting Principles (GAAP).

In accordance with Government Auditing Standards, Davis Farr also issued a report on their consideration of DCE's internal control over financial reporting and their tests of DCE's compliance with certain provisions of laws, regulations, contracts, and grant agreements as well as other matters; Finally, Davis Farr has provided a letter to the DCE Board of Directors outlining Significant Audit Findings as promulgated by AU-C Section 260, "The Auditor's Communication with Those Charged With Governance." The Management Discussion & Analysis (MD&A) of the financial reports starts on page four and provides additional details and tables of the following information.

DCE accounts for its activities in an enterprise fund using the economic resources measurement focus and accrual basis of accounting in accordance with generally accepted accounting principles. DCE ended Fiscal Year 2025-26 in a robust and healthy financial position, while setting aside $5.25 million in deferred revenue for future rate stabilization and still achieving a 2.0x fixed charge coverage ratio for the fiscal year. DCE ended the year right around its target maximum reserves. The reserve targets and related policy considerations are discussed in a separate staff report with this agenda.

DCE deferred $5.25 million of Fiscal Year 2025-26 revenue for rate stabilization in a future reporting period. This amount is reported as a deferred inflow of resources rather than current-year revenue, reducing the current year's reported increase in net position while preserving financial flexibility for future years. The deferral should not be confused with an operating expense or a reduction in electricity sales.

At June 30, 2026, DCE reported total assets of $55.84 million, total liabilities of $6.68 million, and deferred inflows of resources of $5.25 million. Total net position was $43.91 million, up $3.87 million, or 9.7%, from $40.04 million at June 30, 2025. Of the year-end net position, $43.77 million was unrestricted and $0.15 million was restricted. Net position is an accounting measure and is not equivalent to cash on hand.

The positive change in net position, together with the rate stabilization deferral and 2.0x fixed charge coverage ratio, demonstrates DCE's continued financial strength. Total recognized revenues were $55.49 million, a decrease of $16.43 million, or 22.8%, from the prior year. Electricity sales before the rate stabilization deferral were $59.57 million. The decline can be attributable to the revenues deferral, lower revenue requirements during the year due to falling power costs, and increased Power Charge Indifference Adjustment (PCIA) charges imposed by Southern California Edison (SCE).

Interest revenue increased to $1.16 million from $1.12 million, mostly reflecting higher average cash balances. Total expenses were $51.62 million, a decrease of $15.45 million, or 23.0%, from Fiscal Year 2024-25. Lower power prices and more effective hedging, risk management, and procurement strategies contributed to the decrease. Other operating expenses totaled $2.62 million, compared with $2.91 million in the prior year, a decrease in administrative costs. DCE had no significant capital asset or long-term financing activity during Fiscal Year 2025-26.

Following fiscal year-end, a clean energy prepayment transaction the DCE Board authorized with Redwood Coast Energy Authority closed on September 24, 2026. Approximately $13.55 million in energy cost savings are projected for DCE during the initial 10-year reset period, with prepaid deliveries expected to begin in February 2027. These prospective savings are not part of Fiscal Year 2025-26 operating results.

DCE's healthy year-end financial position and deferred rate stabilization revenue provide flexibility as staff evaluates these developments and future revenue requirements. The MD&A identifies three developments affecting future financial planning: increasing PCIA charges, downward trends in energy and capacity markets, and savings from prepaid energy contracts. Lower market benchmarks can reduce costs under certain indexed DCE contracts, but can also increase PCIA charges by reducing the market value attributed to SCE's eligible resources. The ultimate effect will depend on SCE's final rates and DCE's contracted resource costs.

Staff recommends receiving the audit and related reports. A member of the Davis Farr team will attend the November meeting and be available to address any Board questions or comments.

Fiscal Analysis: The professional fees associated with the audit were previously budgeted and there is no additional cost to receiving and filing the audit.

Fiscal Year 2025-26 results reflect a $3.87 million increase in net position after deferring $5.25 million of revenue for future rate stabilization. Any subsequent use of deferred revenue or changes to rates and reserve policy will be brought back to the Board for consideration.

Attachments:

1. DCE's Audited Financial Statements for the year ended June 30, 2026
2. Report on Internal Controls over Financial Reporting
3. Auditor's Communication with Those Charged with Governance

DESERT COMMUNITY ENERGY

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2026



DavisFarr

CERTIFIED PUBLIC ACCOUNTANTS

DESERT COMMUNITY ENERGY

Financial Statements

Year ended June 30, 2026

(With Independent Auditor's Report Thereon)

DESERT COMMUNITY ENERGY

Financial Statements

Year ended June 30, 2026

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Financial Statements:	
Statement of Net Position	11
Statement of Revenues, Expenses and Changes in Net Position	12
Statement of Cash Flows	13
Notes to the Basic Financial Statements	14

DavisFarr
CERTIFIED PUBLIC ACCOUNTANTS

Davis Farr LLP
18201 Von Karman Avenue | Suite 1100 | Irvine, CA 92612
Main: 949.474.2020 | Fax: 949.263.5520

Independent Auditor's Report

To the Board of Directors
Desert Community Energy
Palm Desert, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Desert Community Energy ("DCE"), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise DCE's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of DCE as of June 30, 2026, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of DCE and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

DCE's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about DCE's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of DCE's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about DCE's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Summarized Comparative Information

We have previously audited DCE's 2025 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 31, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2026 on our consideration of DCE's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DCE's internal control over financial reporting and compliance.

DavisFarr LLP
Irvine, California
October 30, 2026

DESERT COMMUNITY ENERGY
MANAGEMENT DISCUSSION & ANALYSIS
YEAR ENDED JUNE 30, 2026

The following is a discussion and analysis of Desert Community Energy's (DCE's) financial performance and includes a summary of DCE's financial statements coupled with a detailed analysis of DCE's financial position and results of operations for the fiscal year ended June 30, 2026, with comparative information from the fiscal year ended June 30, 2025. The purpose of management's discussion and analysis (MD&A) is to help DCE customers and other stakeholders understand what the financial statements and notes in this financial report say about DCE's financial health and why it has changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by DCE staff's knowledge of DCE's finances. Please read this discussion and analysis in conjunction with the financial statements, including the notes to the financial statements identified in the accompanying tables.

If you have any questions about this report or require further information, contact DCE staff at 760.346.1127 and ask for the Director of Finance.

OVERVIEW OF THE FINANCIAL STATEMENTS

Following the MD&A (this section), DCE's financial report contains basic financial statements. Those financial statements represent DCE's work procuring power resources on behalf of electricity customers in its jurisdiction to achieve its objective of offering cleaner, competitively priced electricity while retaining local control, reinvesting revenues, encouraging local job creation, offering more renewable energy options, and reducing greenhouse gas (GHG) emissions. The Statement of Net Position includes all of DCE's assets, liabilities, deferred inflows, and net position and provides information about the nature and amount of resources and obligations at a specific point in time, the fiscal year-end date. The Statement of Revenues, Expenses, and Changes in Net Position reports all of DCE's revenue and expenses for the year shown. The Statement of Cash Flows reports the cash provided and used by operating activities, as well as other sources and uses, such as cash flow from investing activities.

The financial statements also include notes to the financial statements, which delve deeper into DCE's finances as reported in the basic financial statements. The information in the notes is as important to understanding DCE's finances as the information in the financial statements themselves. DCE uses notes to (1) present information in greater details than is possible within the financial statements, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contractual commitments).

All of DCE's financial activities are captured in an enterprise fund and use the *economic resources measurement focus* and *accrual basis of accounting* in accordance with Generally Accepted Accounting Principles (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). In other words, they comprehensively report all types of financial statement elements:

- *Assets* – resources that DCE controls, which are mostly in the form of short-term assets like cash and investments as well as accounts receivable but also includes long-term assets like collateral deposits for power purchase agreements with counterparties.

- *Liabilities* – amounts DCE owes to others, including short-term obligations such as payments due to energy-contract counterparties and Utility User Taxes collected for other governments, as well as long-term obligations such as developer performance security held until power purchase agreements reach commercial operation.
- *Deferred Inflows* - amounts received or recognized by DCE that are applicable to future reporting periods rather than the current year such as revenue deferred for rate stabilization.
- *Revenues and Expenses* – inflows and outflows of resources, respectively, related to the current year.

More details about the measurement focus and basis of accounting can be found in Note 1 of the notes to the financial statements, the summary of significant accounting policies.

FINANCIAL SUMMARY AND ANALYSIS OF DCE'S FINANCES

The following tables provide condensed financial information (financial summary) derived from the basic financial statements, excluding the statement of cash flows, and compare current year balances to the prior year. Adding context to the financial summary information is a detailed analysis and discussion of DCE's financial position and results of operations.

Statement of Net Position
(amounts expressed in thousands)

	June 30, 2026	June 30, 2025	Dollar Change	Percentage Change
Current and Other Assets	$ 55,839	$ 50,771	$ 5,069	10.0%
Total Assets	55,839	50,771	5,069	10.0%
Current Liabilities	6,269	10,324	(4,055)	(39.3%)
Non-Current Liabilities	411	405	6	1.4%
Total Liabilities	6,679	10,729	(4,049)	(37.7%)
Deferred Rate Stabilization Revenue	5,245	-	5,245	100.0%
Total Deferred Inflows of Resources	5,245	-	5,245	100.0%
Net Position:				
Restricted Net Position	147	147	-	0.0%
Unrestricted Net Position	43,768	39,895	3,873	9.7%
Total Net Position	$ 43,915	$ 40,042	$ 3,873	9.7%

Note: Totals may not sum precisely due to rounding differences.

As of June 30, 2026, DCE's net position (assets minus liabilities minus deferred inflow of resources) was $43.9 million, an increase of $3.9 million compared with June 30, 2025. The increase in unrestricted net position was primarily attributable to a $5 million increase in assets and a $4 million decrease in liabilities. DCE also deferred approximately $5.2 million in revenue for rate stabilization in a future period. Although this deferral decreased the current year's net position, it will provide financial flexibility in future years. The major contributing revenues and expenses that affected the change in net position for DCE are summarized and analyzed next.

Revenues, Expenses and Changes in Net Position

Statement of Revenues, Expenses, and Changes in Net Position
(amounts expressed in thousands)

	June 30, 2026	June 30, 2025	Dollar Change	Percentage Change
Operating Revenues:				
Electricity Sales	$ 59,572	$ 70,782	$ (11,210)	(15.8%)
Deferred Rate Stabilization Revenue	(5,245)	-	(5,245)	0.0%
Miscellaneous	4	17	(13)	(78.1%)
Non-Operating Revenues:				
Interest Revenue	1,158	1,117	40	3.6%
Total Revenues	55,488	71,916	(16,428)	(22.8%)
Operating Expenses:				
Electricity	48,999	64,153	(15,154)	(23.6%)
Other	2,617	2,908	(291)	(10.0%)
Total Expenses	51,615	67,061	(15,445)	(23.0%)
Changes in Net Position	3,873	4,856	(983)	(20.2%)
Net Position - Beginning of Period	40,042	35,187	4,856	13.8%
Net Position - End of Period	$ 43,915	$ 40,042	$ 3,873	9.7%

Note: Totals may not sum precisely due to rounding differences.

Decrease in Revenues

Approximately 98% of DCE's revenue is derived from electricity sales which includes sales to customers and can also include the sale of energy and capacity portfolio resources via bilateral contracts as well as energy market settlements through DCE's participation in the California Independent System Operator's (CAISO's) centralized market and also includes other smaller revenues. In FY 2025-2026, total revenues amounted to approximately $55.5 million, representing a decrease of $16.4 million (22.8%) compared to FY 2024-2025. This decrease was attributable to deferring $5.2 million of revenue to a future period for rate stabilization as well as lower revenue requirements in 2025-2026. Additionally, the Power Charge Indifference Adjustment charged by SCE for DCE customers increased by approximately 300%, which reduced DCE's revenue for the period.

Investment earnings increased by $40 thousand (3.6%) during the fiscal year, attributed to higher average cash balances. This increase was part of total revenues and contributed to the overall net revenue growth for the fiscal year.

Decrease in Expenses

Approximately 95% of DCE's expenses are the cost of electricity which include the cost of energy and capacity arising from contracts with bilateral energy/capacity suppliers as well as load and other charges for DCE's participation in the CAISO in addition to block hedges and other settlement fees. For FY 2025-2026, total expenses were approximately $51.6 million, representing a decrease of $15.4 million or 23.0% from the previous fiscal year. The decrease in expenses primarily reflected lower power prices and more effective hedging, risk management, and procurement strategies.

Other expenses during 2025-2026 remained relatively stable from the prior year and included payments to consultants and various professional service vendors like the Coachella Valley Association of Governments who provides administrative staffing for DCE.

Significant Capital Asset and Long-Term Financing Activity

In 2025-2026, DCE had no significant capital asset or long-term financing activity.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

DCE is aware of several developments that will have a significant effect on its finances in the future and were either included into the FY 2026-2027 budget or will be incorporated through a future budget amendment at an upcoming DCE Board meeting:

(1) Increases in the Power Charge Indifference Adjustment (PCIA)

(2) Downward trends in energy and capacity markets

(3) Prepayment savings on certain energy contracts

PCIA Increases

In June 2025, the CPUC issued a decision (D.25-06-049) that revises the methodology for the Resource Adequacy Market Price Benchmark (RA MBP) that is used to calculate the Power Charge Indifference Adjustment. The PCIA is intended to ensure that there is not a cost increase for bundled utility customers (those that remain with Southern California Edison service) as a result of the implementation of DCE and other CCAs.

In October 2026, the CPUC released updated MPBs that will be used in calculating the 2027 PCIA rates. The 2027 forecast RA MPB is $10.02/kW-month, compared to $11.53/kW-month for 2026, a decrease of approximately 13%. The 2027 forecast RPS MPB decreased from $62.45/MWh to $12.69/MWh, or approximately 80%. The October update also established final 2026 benchmarks. The final RA MPB decreased from $11.21/kW-month in 2025 to $10.11/kW-month in 2026, or approximately 10%, while the final RPS MPB decreased from $63.86/MWh to $30.88/MWh, or approximately 52%. For DCE's 2020 vintage, the load-weighted average PCIA/CTC rate is approximately $0.01681/kWh in 2026 and is forecast to increase to approximately $0.03888/kWh in 2027, an increase of about $0.02207/kWh, or 131%.

Lower market benchmarks generally increase the PCIA by reducing the market value attributed to SCE's PCIA-eligible resources. However, the impact on DCE financials is multifaceted, as the RA MPB also affects the cost of certain DCE bilateral contracts that are indexed to the benchmark. The ultimate impact on DCE's 2027 PCIA and overall financial position will depend on SCE's final 2027 rates and DCE's contracted resource costs.

Downtrends in Energy and Capacity Prices

Energy market prices have continued to decline from the elevated levels experienced in prior years. The October 2026 Market Price Benchmarks show that SCE's forecast 2027 Energy Index decreased compared to the 2026 forecast, from $39.90/MWh to $34.41/MWh for on-peak energy and from $48.48/MWh to $44.89/MWh for off-peak energy. This represents decreases of approximately 14% and 7%, respectively, and is expected to contribute to lower projected wholesale energy costs for DCE.

The Resource Adequacy (RA or capacity) market has also continued to decline from the high levels experienced in 2024. The Final 2026 RA Market Price Benchmark (RA MPB) was $10.11/kW-month, compared to $11.21/kW-month for 2025, a decrease of approximately 10%. The 2027 forecast RA MPB is $10.02/kW-month, approximately 13% below the 2026 forecast of $11.53/kW-month. These lower benchmarks reduce DCE's current and projected costs under certain bilateral contracts that are indexed to the RA MPB.

Renewable energy prices have declined more significantly. The Final 2026 Renewable Portfolio Standard Market Price Benchmark (RPS MPB) was $30.88/MWh, compared to $63.86/MWh for 2025 and approximately 51% below the 2026 forecast of $62.45/MWh. The 2027 forecast RPS MPB declined further to $12.69/MWh, approximately 80% below the 2026 forecast. These lower benchmarks reduce DCE's current and projected contractual costs for renewable energy under agreements that are priced using the RPS MPB.

Prepayment Savings

On September 16, 2026, the California Community Choice Financing Authority priced $576,890,000 of Clean Energy Project Revenue Bonds, Series 2026H-1 (Term Rate), and $82,350,000 of Clean Energy Project Revenue Bonds, Series 2026H-2 (SOFR Index Rate), totaling $659,240,000. Approximately 29% of the total bond issuance was attributable to DCE's prepaid energy supply. The bonds closed and were delivered on September 24, 2026, to finance a clean energy prepayment transaction for DCE and Redwood Coast Energy Authority, as project participants. For DCE, the transaction is expected to generate approximately $13.55 million in energy cost savings, or 11.8% of DCE's prepaid cashflows, during the initial reset period of ten years. Savings are expected to begin when prepaid energy deliveries commence in February 2027 and average almost $1.3 million for fiscal years 2026-27 through 2035-36.

BASIC FINANCIAL STATEMENTS

Desert Community Energy
Statement of Net Position
June 30, 2026
(With prior year comparative totals)

	2026	2025
Assets:		
Current Assets:		
Cash and investments (note 2)	$ 41,016,191	31,068,167
Restricted cash	-	147,000
Accounts receivable, net (note 3)	13,128,924	17,294,391
Interest receivable	203,304	71,467
Prepaids	480,489	1,179,264
Total Current Assets	54,828,908	49,760,289
Non-current Assets:		
Deposits	1,010,584	1,010,584
Total Non-current Assets	1,010,584	1,010,584
Total Assets	$ 55,839,492	50,770,873
Liabilities:		
Current Liabilities:		
Accounts payable (note 4)	$ 5,806,666	9,538,414
Due to other governments (note 5)	461,948	785,146
Total Current Liabilities	6,268,614	10,323,560
Non-current Liabilities:		
Deposits payable	410,768	405,000
Total Non-current Liabilities	410,768	405,000
Total Liabilities	6,679,382	10,728,560
Deferred Inflows of Resources:		
Deferred rate stabilization revenue (note 7)	5,245,256	-
Total Deferred Inflows of Resources	5,245,256	-
Net Position:		
Restricted	147,000	147,000
Unrestricted	43,767,854	39,895,313
Total Net Position	$ 43,914,854	40,042,313

See accompanying notes to financial statements.

Desert Community Energy
Statement of Revenues, Expenses, and Changes in Net Position
Year ended June 30, 2026
(With prior year comparative totals)

	2026	2025
Operating Revenues:		
Electricity sales	$ 59,571,687	70,781,913
Deferred rate stabilization revenue	(5,245,256)	-
Miscellaneous	3,655	16,683
Total operating revenues	54,330,086	70,798,596
Operating Expenses:		
Electricity cost	48,998,628	64,152,607
Consultants charges	2,175,104	2,457,846
Administration and general	205,222	181,282
Professional services	236,333	268,792
Total operating expenses	51,615,287	67,060,527
Operating income (loss)	2,714,799	3,738,069
Nonoperating Revenues (Expenses):		
Interest revenue	1,157,742	1,117,465
Total nonoperating revenues (expenses)	1,157,742	1,117,465
Change in net position	3,872,541	4,855,534
Net Position - beginning	40,042,313	35,186,779
Net Position - ending	$ 43,914,854	40,042,313

See accompanying notes to financial statements.

Desert Community Energy
Statement of Cash Flows
Year ended June 30, 2026
(With prior year comparative totals)

	2026	2025
Cash Flows from Operating Activities:		
Cash received from customers and others	$ 63,740,809	69,578,763
Cash paid to suppliers for goods and services	(54,965,690)	(65,417,818)
Net cash provided by (used for) operating activities	8,775,119	4,160,945
Cash Flows from Investing Activities:		
Investment income	1,025,905	1,048,408
Net cash provided by investing activities	1,025,905	1,048,408
Net increase in cash and cash equivalents	9,801,024	5,209,353
Cash and Cash Equivalents, beginning of year	31,215,167	26,005,814
Cash and Cash Equivalents, end of year	$ 41,016,191	31,215,167
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:		
Operating income (loss)	$ 2,714,799	3,738,069
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities		
Decrease (increase) in accounts receivable	4,165,467	(1,219,833)
Decrease (increase) in prepaids	698,775	2,967,724
Decrease (increase) in deposits	-	(300,000)
Increase (decrease) in accounts payable	(3,731,748)	(841,283)
Increase (decrease) in due to other governments	(323,198)	(183,732)
Increase (decrease) in deposits payable	5,768	-
Increase (decrease) in deferred inflow	5,245,256	-
Total adjustments	6,060,320	422,876
Net cash provided by (used for) operating activities	$ 8,775,119	4,160,945

There were no significant noncash financing, capital, or investing activities for the years ended June 30, 2026 and 2025.

See accompanying notes to financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

(a) Description of Reporting Entity

Desert Community Energy (DCE) is a public joint powers agency located within the geographic boundaries of Riverside County, California formed via a Joint Powers Agreement (JPA) in October 2017 for the purpose of implementing and administering a Community Choice Aggregation (CCA) program. DCE is comprised of the cities of Palm Springs and Palm Desert and is certified by the California Public Utilities Commission (CPUC). Community Choice Aggregation is a local energy program established by state law that allows cities and counties to pool (or aggregate) the electricity demand of participating communities. DCE buys and/or develops power resources on behalf of the electricity customers in its jurisdiction to offer cleaner, competitively priced electricity while retaining local control, reinvesting revenues, encouraging local job creation, offering more renewable energy options, and reducing greenhouse gas (GHG) emissions. DCE offers ratepayers a choice in electricity providers and in the type of electricity they use. DCE began serving customers in Palm Springs in April 2020 while the next possible launch date per Palm Desert is 2029. DCE is governed by a Board of Directors composed of one locally elected representative or senior staff from each of the participating city councils. The Board schedules regular meetings that are open to the public, ensuring transparency and encouraging community involvement. Formation of a CCA through a JPA does not require contributions from participating member agencies. The assets and liabilities of the CCA program remain separate from those of the participating agencies' general fund.

(b) Basic Financial Statements

The basic financial statements (i.e., Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows) report information on all the enterprise activities of the entity.

(c) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements are presented using the full accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services. The principal operating revenues of the entity are sales of electricity. Operating expenses include the cost of electricity purchases, consultants' costs and administrative expenses. Operating revenues can also include the sale of energy and capacity portfolio resources via bilateral contracts as well as energy market settlements through DCE's participation in the California Independent System Operator's (CAISO's) centralized market and also includes other revenues such as sale of congestion revenue rights and import allocation rights. The revenue for these sources is recognized as "Electricity sales" in the Statement of Revenues, Expenses, and Changes in Net Position.

DCE distinguishes operating revenues and expenses from noncapital subsidies, and other nonoperating revenues and expenses.

(1) Summary of Significant Accounting Policies (Continued)

Nonoperating revenues and expenses are any (1) contributions to permanent and term endowments; (2) finance related revenues and expenses; (3) gains and losses from disposals of capital assets and inventory; (4) investment income and expenses; and (5) Subsidies received and provided.

A subsidy represents amounts received from or provided to another party or fund of DCE. Amounts received from another party or fund are considered a subsidy if it is unrelated to the services provided by DCE and keep the fees charged at the same amount or lower if the subsidy was not received. Amounts provided to the other party or fund are considered a subsidy if it is unrelated to the goods or services provided by those parties and will generally result in DCE charging higher fees in the future.

"Electricity cost" includes the cost of energy and capacity arising from bilateral contracts with energy suppliers as well as load and other charges arising from DCE's participation in the CAISO in addition to block financial hedges and other charges.

(d) Assets, Liabilities, Deferred Inflows and Net Position

Cash and Investments

For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents. The entity maintains a checking account and money market account which is considered a cash equivalent.

Fair Value Measurements

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and fair value is determined through the use of models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are inactive;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

(1) Summary of Significant Accounting Policies (Continued)

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect DCE's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include DCE's own data.

Prepaid Expenses

Payments made for services that will benefit periods beyond June 30, 2026, are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

Deferred Inflows

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. DCE has one item that qualifies for reporting in this category. Accordingly, the item is deferred and recognized as an inflow of resources in the appropriate future period in accordance with applicable GASB accounting requirements.

Net Position

For the year ended June 30, 2026, DCE reported net position as classified in the following categories:

- *Investment in capital assets* – This component of net position consists of capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct, or improve those assets.

- *Restricted* – This component of net position consists of resources with external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- *Unrestricted net position* – This component of net position consists of net position that do not meet the definition of "restricted" or "investment in capital assets." When both restricted and unrestricted resources are available for use, it is DCE's policy to use restricted resources first.

(1) Summary of Significant Accounting Policies (Continued)

(e) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

(f) Revenue Recognition

DCE recognizes revenue on the accrual basis. This includes invoices issued to customers during the reporting period and electricity estimated to have been delivered but not yet billed. Management estimates that a portion of the billed amounts will be uncollectible. Accordingly, an allowance for uncollectible accounts has been recorded.

(g) Income Taxes

DCE is a joint powers authority under the provision of the California Government Code and is not subject to federal or state income or franchise taxes.

(h) Utility Users Taxes and Electric Energy Surcharges Due to Other Governments

DCE is required by governmental authorities (state and local) to collect and remit user taxes on certain customer sales. These taxes do not represent revenues or expenses to DCE.

(i) Prior Year Comparative Information

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with DCE's prior year financial statements, from which this selected financial data was derived. In addition, certain minor reclassifications of prior year data may have been made to enhance their comparability to the current year.

(2) Cash and Investments

Cash and investments of DCE consisted of demand deposits with financial institutions and investments with two investment pools.

Cash and cash equivalents:	
Deposits with financial institutions	$ 7,888,494
Investments:	
California Asset Management Program	12,345,046
State of California Local Agency Investment Fund	20,782,651
Total investments	33,127,697
Total cash and investments	$ 41,016,191

Custodial credit risk – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

(2) Cash and Investments (Continued)

DCE maintains an investment policy that establishes thresholds for holdings of individual investments. DCE did not have any investments meeting or exceeding the allowable threshold levels as of June 30, 2026.

Authorized Investment Type	% of Portfolio Authorized	Maximum Maturity
United States Treasury	0-100%	Maximum maturity: 5 Years
Federal Agency	0-100%	Maximum maturity: 5 years No more than 30% of the portfolio may be invested in any single issuer.
Local Government Investment Pools	0-75%	N/A
State of California Local Agency Investment Fund	Up to LAIF Maximum ($75,000,000 per account)	N/A
California State and Local Agency Bonds	0-25%	Maximum maturity: 5 Years Rated "A" or higher by S&P *or* by Moody's.
Commercial Paper	0-25%	Maximum maturity: 270 days Rated "A-1" by S&P or"P-1" by Moody's. No more than 10% of the portfolio may be invested in the CP and MTNs of a single issuer. Asset-backed CP is ineligible for purchase.
Negotiable/Time Certificates of Deposit	0-25%	Maximum maturity: 5 Years
Medium-Term Notes	0-25%	Maximum maturity: 5 years Rated "A" or higher by S&P *or* by Moody's. No more than 10% of the portfolio may be invested in the CP and MTNs of any single issuer.
Money Market Mutual Funds ("MMF")	0-20%	***Either*** rated "AAA" by S&P, "Aaa" by Moody's, or "AAA-V-1+" by Fitch (2 of 3), ***or*** retains an investment advisor registered or exempt from registration with SEC, with at least 5 years of experience managing a MMF with $500 million or more in assets.
Repurchase Agreement	0-10%	Maximum maturity: 30 Days Collateral must be United States Treasury, Federal, Agency, or GSE obligations. Zero coupon and stripped coupon instruments are not acceptable as collateral. Collateral must be valued at 102% of cost and adjusted weekly. DCE must have first lien and security interest in all collateral. DCE's custodian must hold collateral. An authorized broker must file a Public Securities Association ("PSA") Master Repurchase Agreement with DCE, and DCE's attorney must review the agreement, prior to the transaction of RP business with that broker. Reverse Repurchase Agreements are specifically not authorized under this investment policy.
Structured Notes	0-20%	Maximum maturity: 5 Years

(2) Cash and Investments (Continued)

DCE is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of DCE's investment in this pool is reported in the accompanying financial statements at amounts based on DCE's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on accounting records maintained by LAIF, which are recorded on an amortized cost basis. The entire balance of DCE's share of the investment pool is available for withdrawal at any time. LAIF is not registered with the Securities and Exchange Commission and is not rated. Deposits and withdrawals in LAIF are made on the basis of $1 and not fair value. Accordingly, DCE's investment in this pool is measured on uncategorized inputs not defined as Level 1, 2, or 3.

DCE is a voluntary participant in the CAMP, which is an investment pool offered by the California Asset Management Trust. The trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500, et seq.) for the purpose of exercising the common power of its participants to invest certain proceeds of debt issues and surplus funds. In accordance with Section 53601(p) of the California Government Code, CAMP's investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601. Deposits in the CAMP are presented as cash and cash equivalents as they are available for immediate withdrawal or deposit at any time without prior notice or penalty and there is no significant risk of principal loss. DCE reports its investments in CAMP at amortized cost provided by CAMP, which is the same as the value of the pool share. CAMP is rated AAA. Accordingly, DCE's investment in this pool is measured on uncategorized inputs not defined as Level 1, 2, or 3.

(3) Accounts Receivable, Net

At June 30, 2026, DCE reported $13,128,924 in accounts receivable, net of the allowance for uncollectible accounts. The details of this balance are as follows:

Accounts receivable	$ 14,383,642
Less: allowance for uncollectable accounts	(1,254,718)
Total Accounts Receivable, Net	$ 13,128,924

(4) Accounts Payable

At June 30, 2026, DCE reported $5,806,666 in accounts payable. The details of this balance are as follows:

Accounts payable - electricity cost	$ 5,695,093
Accounts payable - other	111,573
Total Payables	$ 5,806,666

(5) Due to Other Governments

At June 30, 2026, DCE reported $461,948 in Due to Other Governments. The details of this balance are as follows:

Utility Users Taxes & Electric Energy Surcharges	$ 461,948
Total Due to Other Governments	$ 461,948

(6) Line of Credit

Revolving Line of Credit

On February 11, 2022, DCE entered into a revolving line of credit agreement for the amount of $8,000,000 with River City Bank. The revolving line of credit was amended in July 2022 to increase the amount to $13,000,000. In June 2025, under the fourth amendment, the commitment was increased to $20,000,000 with no cash sublimit and the termination date was extended to June 20, 2028.

Subject to satisfaction of the terms, DCE may exercise a one-time option to convert all outstanding Working Capital Advances to a Term Loan. If the Term Loan Conditions are satisfied, the Term Loan will be payable over a term of thirty-six (36) months, with equal fully amortizing monthly payments of principal and interest at the Applicable Rate as determined by Lender as of the date of conversion and will be governed by the terms and conditions of this Agreement and evidenced by a separate promissory note.

Additionally, as security for the prompt payment and performance of all obligations, DCE has granted River City Bank a continuing security interest as collateral per the terms on the agreement. On June 30, 2026, there was no outstanding balance.

(7) Deferred Rate Stabilization Revenue

DCE reports its Rate Stabilization Fund in accordance with GASB Statement No. 62. This fund allows DCE to defer revenue during years of strong financial performance for use in future years when financial results may weaken. Amounts deposited into the fund are reported as a reduction of operating revenues and classified on the Statements of Net Position as deferred inflows of resources. DCE deferred $5,245,256 to the fund in fiscal year 2026.

(8) Related Party Transactions

DCE entered into a contract with Coachella Valley Association of Governments (CVAG), whereby CVAG, under the direction of the DCE, will coordinate and implement the DCE activities. The contract calls for DCE to pay CVAG based upon actual staff time spent at rates not to exceed the rates paid by CVAG. During the period from July 1, 2025 through June 30, 2026, CVAG incurred on behalf of DCE $1,002,862 of staff time and allocated administrative expenses which was billed. As DCE recognizes expenses on the accrual basis, an estimated receivable of $235,466 has been recorded.

(9) Risk Management

On June 17, 2024, DCE's Board adopted the Wholesale Energy Procurement Risk Management Policy (WEPRMP), updating and replacing the Energy Risk Management Policy adopted on May 21, 2018. The WEPRMP applies to all power procurement and related business activities that may impact the risk profile of DCE.

The WEPRMP provides a structured, disciplined, and consistent approach to wholesale energy procurement risk management that facilitates risk-informed decision making in wholesale energy activities, which makes up 94% of DCE's annual budget. The WEPRMP supports DCE in aligning its strategy, processes, people, and technology for the purpose of evaluating and managing energy procurement uncertainties inherent to the energy industry and power procurement. By strategically managing risk associated with power procurement activities, DCE can proactively reduce the chance of loss, identify and take advantage of procurement opportunities, create greater financial stability, and protect its resources to support its mission and create value for its members.

The ultimate purpose of the WEPRMP is to support DCE's achievement of its goals by specifying management responsibilities, organizational structures, risk management standards, and the operating controls and limits necessary to appropriately identify, evaluate, and manage DCE's exposure to wholesale energy procurement risk. DCE's WEPRMP can be found on its website.

To ensure successful operation of the CCA program, DCE has partnered with experienced consultants to provide energy-related services. Specific to power procurement, DCE has partnered with The Energy Authority (TEA) which executes the preponderance of front (transacting), middle-(monitoring) and back-office (settlement) related activities on DCE's behalf. In providing these services for DCE, TEA adheres to and is governed by the WEPRMP. In addition, TEA maintains its own risk management policies and procedures, following industry best practices of segregation of duties, which also govern activities executed on DCE's behalf. Credit guidelines include a preference for transacting with investment-grade counterparties, evaluating counterparties' financial condition and assigning credit limits as applicable. These credit limits are established based on risk and return considerations under terms customarily available in the industry. In addition, DCE enters into netting arrangements whenever possible and where appropriate obtains collateral and other performance assurances from counterparties.

(10) Long-Term Energy Agreements

During the normal course of business, DCE enters into various agreements, including renewable energy agreements, energy storage agreements (ESAs), and other power purchase agreements (PPAs) to purchase power and electric capacity. DCE's long-term energy agreements are described below.

Terra-Gen, LLC

On December 21, 2020, the DCE Board approved three, 15-year (PPAs) with Terra-Gen, LLC. Terra-Gen, LLC is a leading developer, owner, and operator of renewable energy projects that has been operating since 2008. Terra-Gen specializes in development, construction and operation of utility-scale wind, solar, energy storage as well as geothermal generation facilities.

(10) Long-Term Energy Agreements (Continued)

Under the pricing terms in the agreement, DCE pays for the electricity generated by the projects at a fixed-price rate per MWh (megawatt hour), with no escalation for the full 15-year term of the contract. All attributes from the facility, including energy, Renewable Energy Credits (RECs) and Resource Adequacy (RA) will be available to DCE. The contracts reflect pricing that is typical in the current market for new and existing wind resources. The completion of long-term contracts for DCE's renewable portfolio represents an expected reduction in overall program costs. This cost reduction is over both the short-term and long-term due to the relatively low cost of the expected PPAs for the projects compared to purchasing the same energy, capacity, and RECs on the open market.

The 10.8-megawatt (MW) Coachella Hills II project achieved its Commercial Operation Date (COD) and entered DCE's portfolio on May 4, 2021. The existing 9.8 MW Altwind and 12.6 MW East Wind projects entered DCE's portfolio on January 1, 2023. On December 9, 2024, DCE's board approved a new PPA for the 11.2 MW Phoenix wind project. The project began delivering renewable energy on February 1, 2025 with a term of 13 years.

OhmConnect

On June 29, 2022, the DCE Board approved a Western Systems Power Pool Resource Adequacy Confirmation with Resi Station LLC (Resi Station), a subsidiary of OhmConnect, for system RA benefits from an aggregated demand response project. DCE's pro rata share of the project is 4.5 MW of the 15 MW peak volume over a 10-year period that began January 1, 2023. During June 2026, DCE approved the assignment and transfer of Resi Station's obligations under the agreement to Leapfrog Power, Inc. All substantive terms of the original contract remain unchanged.

Southern California Edison (SCE) – Voluntary Allocation Agreement

In accordance with California Public Utilities Commission (CPUC) Decision 21-05-030, on June 29, 2022, the DCE Board approved staff's recommendation to request from SCE a 100 percent allocation of SCE's long-term renewable load share resources - 10 years or longer remaining on the contracts with allocations for the remainder of the term of the contract. DCE entered into a Voluntary Allocation Agreement with SCE as of July 26, 2022. Deliveries of this allocation began in January 2023 and will run through May 2040. DCE pays the annual Market Price Benchmark (MPB) for resources allocated through this process. The CPUC resets the MPB by October 1 each year.

SCE – RA Confirmation

On September 29, 2022, DCE executed a Master Agreement and RA Confirmation with SCE in accordance with CPUC Decision 22-05-015. This Decision allows DCE to purchase from SCE a share of the system or flexible RA capacity for loads that have migrated from SCE at the annual MPB. The RA delivery period began on January 1, 2023, and continues until September 30, 2041.

(10) Long-Term Energy Agreements (Continued)

Fervo Energy

On September 28, 2022, DCE executed a contract with Cape Generating Station 1 LLC, a subsidiary of Fervo Energy (Fervo), for a geothermal project in Beaver County, Utah. Under the original agreement, DCE's contract capacity was 3 MW of the 20 MW average net capacity over a 15-year period, with an expected commercial operation date (COD) of June 1, 2026. On October 21, 2024, the DCE Board approved Amendment No. 1 to the Renewable Power Purchase Agreement (PPA) with Cape Generating Station 1 LLC. The amendment updates pricing, increases DCE's contract capacity from 3 MW to 4 MW, and revises the COD to January 1, 2031, nearly five years later than the original COD. The amendment also increases the CCAs' average net capacity from 20 MW to 26 MW.

Fervo's geothermal systems make use of horizontal drilling techniques coupled with Organic Rankine Cycle (ORC) generator systems to deliver zero-carbon, zero-emission electricity. ORC power plants are zero-carbon, zero-emission generators. Thermal energy is supplied at high temperature to the ORC by a heat transfer fluid consisting of geothermal brine. The ORC turbo generator then converts thermal energy from geothermal fluid into electric energy using a turbine coupled with an electric generator. ORC plants are fully dispatchable and flexible, with extremely fast ramping rates of up to 30 percent of nominal capacity per minute. The project will be eligible for certification under the California Renewables Portfolio Standard and inclusion in DCE's Carbon Free product generation portfolio.

Under the pricing terms in the PPA, DCE will pay for the energy generated by the project at a fixed-price rate per MWh (megawatt hour), with a two percent annual escalator after the first contract year. All attributes from the project, including energy, RECs, and RA, will be available to DCE.

NextEra Energy Resources Power Purchase Agreement

On September 27, 2023, DCE executed an ESA with Desert Sands Energy Storage II, LLC, a subsidiary of NextEra Energy Resources. The project is a 25 MW/ 200 MWh lithium-ion battery storage facility that is part of a larger 700 MW energy complex located largely within the Palm Springs City limits. The project is located on a parcel zoned for energy-industrial uses with existing wind turbines and related energy infrastructure. The project is being developed in two phases: Desert Peak (Phase 1) and Desert Sands (Phase 2), which includes DCE's facility. The expected COD for DCE's portion of the project was originally April 1, 2027; however, the COD was subsequently delayed to 2035 due to network upgrades.

On June 15, 2026, DCE and Desert Sands Energy Storage II, LLC entered into a Termination Agreement, which terminated the ESA effective June 15, 2026.

SB Energy –Athos Storage

On June 16, 2025, the DCE Board approved a 15-year Resource Adequacy + TB4 Agreement (RA+TB4) with Athos Storage, LLC, a subsidiary of SB Energy, for a lithium-ion battery energy storage project located near Desert Center in Riverside County. DCE contracted for 43 MW / 172 MWh of the project's capacity to meet its Mid-Term Reliability (MTR) procurement obligations. The remaining capacity of the facility will be contracted to other off takers. The project has a COD of February 1, 2027.

(10) Long-Term Energy Agreements (Continued)

The RA+TB4 agreement is similar to a traditional Energy Storage Agreement (ESA) but shifts responsibility for optimizing battery dispatch from DCE to SB Energy. The agreement provides DCE with resource adequacy capacity and TB4 attributes while SB Energy retains the operational price risk. Under the pricing terms of the agreement, DCE will pay fixed monthly rates for resource adequacy capacity and the TB4 energy swap, with no escalation over the 15-year contract term. The agreement also includes a variable monthly energy settlement based on day-ahead electricity market prices, which could reduce DCE's monthly payment and may result in a net payment from SB Energy to DCE.

Aypa Power –Balsam Project

On September 15, 2025, the DCE Board approved a 15-year Resource Adequacy + TB8 Agreement (RA+TB8) with Balsam Project LLC, a subsidiary of Aypa Power, for a lithium-ion battery energy storage project located in San Bernardino County. DCE contracted for 21 MW / 168 MWh of the project's capacity to meet its long lead-time, long duration storage MTR obligations. The remaining capacity of the facility will be contracted to other off takers. The project is located near the Southern California Edison Chino substation and has a COD of August 1, 2028. Under the pricing terms of the agreement, DCE will pay a fixed monthly rate for contracted storage capacity, with no annual escalation over the 15-year contract term. The agreement also includes a variable monthly TB8 energy settlement based on day-ahead electricity market prices, which cannot be negative and reduces DCE's monthly payment. The settlement may also result in a net payment from Aypa Power to DCE.

(11) Contract Commitments

At June 30, 2026, DCE had potential undiscounted, contractual commitments for energy storage and power purchases through 2043 totaling approximately $232,142,841. In addition, DCE had expected contractual commitments to contract and professional service providers for services yet to be performed in the amount of $3,902,097 through June 30, 2026. Many of the fees associated with these contracts are based on volumetric or other variable activity and actual results may differ.

(12) Subsequent Events

On September 16, 2026, the California Community Choice Financing Authority priced $576,890,000 of Clean Energy Project Revenue Bonds, Series 2026H-1 (Term Rate), and $82,350,000 of Clean Energy Project Revenue Bonds, Series 2026H-2 (SOFR Index Rate), totaling $659,240,000. Approximately 29% of the total bond issuance was attributable to DCE's prepaid energy supply. The bonds closed and were delivered on September 24, 2026, to finance a clean energy prepayment transaction for DCE and Redwood Coast Energy Authority, as project participants. The transaction's initial term is approximately 10 years and is expected to reduce DCE's renewable energy procurement costs by approximately $13.6 million, or 11.8%, during that period. The bonds are nonrecourse to DCE, and DCE is obligated only to pay for electricity delivered under the related agreements. The transaction involved the California Community Choice Financing Authority as issuer and various financing, energy-supply, swap, trustee, custodial, and underwriting counterparties, including affiliates of The Goldman Sachs Group, Inc., BP Energy Company, U.S. Bank Trust Company, National Association, and The Bank of New York Mellon.

DavisFarr
CERTIFIED PUBLIC ACCOUNTANTS

Davis Farr LLP
18201 Von Karman Avenue | Suite 1100 | Irvine, CA 92612
Main: 949.474.2020 | Fax: 949.263.5520

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Desert Community Energy
Palm Desert, California

Independent Auditor's Report

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Desert Community Energy (DCE), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise DCE's basic financial statements, and have issued our report thereon dated October 30, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered DCE's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DCE's internal control. Accordingly, we do not express an opinion on the effectiveness of DCE's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether DCE's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DavisFarr LLP

Irvine, California
October 30, 2026

DavisFarr
CERTIFIED PUBLIC ACCOUNTANTS

Davis Farr LLP
18201 Von Karman Avenue | Suite 1100 | Irvine, CA 92612
Main: 949.474.2020 | Fax: 949.263.5520

Board of Directors
Desert Community Energy
Palm Desert, California

We have audited the financial statements of Desert Community Energy (DCE) as of and for the year ended June 30, 2026, and have issued our report thereon dated October 30, 2026. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 24, 2026, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Desert Community Energy solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate and our firm, have complied with all relevant ethical requirements regarding independence under the American Institute of Certified Public Accountants ("AICPA") independence standards, contained in the Code of Professional Conduct.

We identified self-review threats to independence as a result of non-attest services provided. Those non-attest services included the preparation of the financial statements and adjusting journal entries. To mitigate the risk, management has compared the draft financial statements and footnotes to the underlying accounting records to verify accuracy and has reviewed a disclosure checklist to ensure footnotes are complete and accurate.

Significant Risks Identified

We have identified the following significant risks:

- Revenue recognition: We identified revenues and receivables as a significant risk, as a result of the materiality of the account balances. As a result, we documented the internal controls over revenue and receivables. In addition, we reviewed the System of Controls I (SOC I) Type II audit report for Calpine Community Energy (see bridge letter) and noted there were no modifications to the opinion for the described assertions. Additionally, we recalculated the amount of revenues received during the year using the underlying system reports.

- Management override of controls: In accordance with professional auditing standards, we identified the risk of management override of internal controls as a significant risk. We performed testing of non-routine journal entries to address this risk.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by DCE is included in Note 1 to the financial statements. During the year, DCE adopted Governmental Accounting Standards Board (GASB) Statement No. 104, Disclosure of Certain Capital Assets. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive accounting estimates affecting the financial statements is:

Management's estimate of the allowance for doubtful accounts is based on management's knowledge of the likelihood of revenue collection from customers. We evaluated the key factors and assumptions used to develop the allowance for uncollectable accounts and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the opinion unit.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting DCE's financial statements relate to:

- The disclosure of allowance for uncollectable accounts in note 3 of the financial statements.

Significant Unusual Transactions

For the purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. During the year ended June 30, 2026, DCE recorded deferred rate stabilization revenue of $5,245,256 in accordance with GASB Statement No. 62. This accounting treatment allows DCE to defer revenue for recognition in future periods in accordance with the applicable accounting guidance.

Identified or Suspected Fraud

We have not identified or have obtained information that indicates fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to DCE's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For the purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were none.

Representations Requested from Management

We have requested certain written representations from management, which are included in the letter dated October 30, 2026.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with DCE, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as DCE's auditors.

This report is intended solely for the information and use of the Board of Directors and management of DCE and is not intended to be and should not be used by anyone other than these specified parties.

DavisFarr LLP

Irvine, California
October 30, 2026

ITEM 5B

Desert Community Energy Board
November 17, 2026

STAFF REPORT

Subject: **2027-28 Legislative Platform**

Contact: Emmanuel Martinez, Assistant Director or Energy and External Affairs (emartinez@cvag.org)

Recommendation: Adopt the 2027-28 DCE Legislative Platform to provide policy direction and advocacy guidance on legislative, regulatory, and funding matters and authorize the Executive Director and Chair to take all steps required to advocate for DCE's policy positions

Background: As state and federal energy policy continues to evolve, DCE is increasingly affected by legislative proposals, regulatory proceedings, utility cost allocation decisions, resource adequacy requirements, clean energy mandates, and funding opportunities. The adoption of a legislative platform provides a consistent framework for evaluating these proposals and enables DCE to respond efficiently to emerging issues that impact its customers and operations. This is particularly important since the DCE meeting schedule does not align with the state legislative calendar. In effect, the platform establishes clear policy priorities and provides direction for staff when engaging with legislators, regulatory agencies, industry partners, and community organizations.

A legislative platform also ensures that advocacy efforts remain aligned with DCE's mission, strategic objectives, and Board-adopted policies. By identifying priority policy areas in advance, DCE can proactively pursue opportunities that increase affordability, expand clean energy resources, strengthen community resilience, protect local decision-making authority, and secure external funding for customer programs and infrastructure investments. The platform ultimately serves as a tool to advance the interests of DCE customers while supporting California's clean energy and climate goals.

DCE first adopted its legislative platform in 2023, to guide its advocacy engagement efforts in Sacramento and Washington, D.C. The document was last updated in 2024, although the platform is a fluid document and can be amended at any time. Prior to DCE's approval of a legislative platform, DCE relied on the legislative guidance of the California Community Choice Association's (CalCCA) advocacy. Although DCE staff still engages with CalCCA on issues of common of interest, having a DCE legislative platform provides a more direct impact on DCE's key issues, and a tailored and strategic advocacy approach.

DCE's energy affordability priorities focus on protecting customers from rising electricity costs while maintaining competitive rates. The platform supports legislation and regulatory reforms that improve transparency and fairness in utility cost allocation, including reforms related to the Power

Charge Indifference Adjustment (PCIA), resource adequacy, and integrated resource planning. It also supports programs that provide financial assistance to low-income and disadvantaged communities, maximize grant and funding opportunities, and ensure that large energy users bear their fair share of infrastructure costs. DCE opposes policies that disproportionately increase costs for CCA customers or undermine the agency's ability to deliver cost-effective electricity service.

Recent activities in the Legislature further highlight the importance of a legislative platform. For example, AB 1761 (Rogers) is one of CalCCA's flagship sponsored bills during the last legislative cycle. The legislation aimed to increase transparency in how the PCIA charge is calculated by requiring disclosure of the data, assumptions, methodologies, and cost inputs used by utilities and regulators. Although this bill did not pass this year, greater PCIA transparency will help ensure CCA customers pay only their fair share of costs and provide accountability for a charge that significantly affects electricity rates. Staff anticipates a similar measure to be introduced next year.

Additionally, SB 1138 (Padilla) was CalCCA's second major sponsored bill. The measure would allow load-serving entities, including CCAs, to transact Resource Adequacy (RA) obligations on an hourly basis rather than through more rigid procurement structures. CalCCA contends this reform could reduce unnecessary costs while maintaining electric reliability and improving market efficiency. SB 1338 was held in Assembly Appropriations Committee and staff anticipates continued work on this matter.

Senator Steve Padilla's also introduced data center legislation, SB 886 and SB 887, which aimed to ensure that large data centers pay for the energy infrastructure needed to serve their operations and do not shift costs to other utility customers. The bills also strengthen environmental review and local oversight of data center projects to address potential impacts on air quality, water resources, and land use. Together, they seek to balance technological innovation with ratepayer protection and environmental stewardship

The proposed Legislative Platform provides a comprehensive policy framework that allows DCE to effectively advocate for policies that support affordable, reliable, and increasingly clean energy service. Adoption of the platform will ensure that DCE can respond proactively to legislative and regulatory developments while advancing local control, customer affordability, clean energy development, resilience, and workforce opportunities throughout the communities it serves. The platform aligns with the two-year state legislative cycle, which will begin its first year of its two-year cycle in 2027. Because many of the issues will carry over into the second year of the cycle, there are not anticipated significant policy issues that would require an amendment to the platform. If so, staff will notify the DCE Board and bring back proposed language to address new policy priorities.

Staff recommends adoption of the legislative platform.

Fiscal Analysis: There is no cost to DCE for adoption of the 2027-2028 Legislative Platform.

Attachments:

1. 2027-28 Legislative Platform
2. 2027-28 Legislative Platform (redline version)



Desert Community Energy

2027- 2028 Legislative Platform

Adopted:

DESERT COMMUNITY ENERGY

Desert Community Energy

Desert Community Energy (DCE) is a not-for-profit, publicly managed Community Choice Aggregator (CCA) currently providing power to residential, commercial, industrial and municipal customers in the City of Palm Springs, with the City of Palm Desert also being a member. DCE gives customers the option to buy cleaner, greener electricity at competitive prices while improving air quality and helping cities achieve their climate goals. DCE is governed by a Board of Directors from participating cities who set rates and determine where clean energy is sourced, allowing local elected officials to make decisions that affect ratepayers. DCE also has a Community Advisory Committee, composed of community members from participating cities, to advise the Board on programs, policy, and outreach.

The purpose of this document is to identify principles consistent with DCE's mission to guide advocacy efforts relating to legislative and regulatory matters at the state and federal levels. These principles will guide DCE staff in responding promptly to opportunities for advocacy as they relate to CCAs, the development and procurement of carbon-free energy, and the expansion of clean energy technology. These actions may include, but are not limited to, signing on to letters and petitions, supporting legislation and ballot initiatives, taking positions on potential regulatory changes, and pursuing grant opportunities. This document will help guide a strategic plan of action that advances DCE's objectives, addresses the needs of its customers, and promotes the expansion of clean energy production and procurement throughout DCE's territory and nearby areas. Actions taken under this platform shall be consistent with Board-adopted policies and delegated authority.

DCE Members:

City of Palm Desert

City of Palm Springs

Desert Community Energy
74-199 El Paseo, Suite 100
Tel: 855-357-9240
desertcommunityenergy.org

Guiding Principles



Energy Affordability

Support initiatives that help reduce costs and increase energy affordability for DCE customers.



Clean Energy and Decarbonization

Support initiatives that would enhance the ability of DCE and other CCAs to invest in local and regional renewable energy resources and decarbonization initiatives in transportation and buildings.



Local Generation and Procurement

Support initiatives that expand local and regional clean energy generation, storage, and procurement.



Community Choice

Support initiatives that increase and protect local governance and decision-making.



Capacity and Resilience

Support initiatives that increase access to energy capacity to facilitate economic development and improve community resilience



Energy Efficiency & Workforce

Support initiatives that expand the adoption and deployment of energy efficiency measures and associated workforce opportunities.

Energy Affordability

- Support legislation, policies, programs, and funding that reduce customer electric bills and address the underlying drivers of rising electricity costs.
- Support reforms that improve cost transparency, accountability, timely data, accurate valuation of retained resources, and equitable allocation of utility costs among all electricity customers, including but not limited to, the Power Charge Indifference Adjustment (PCIA).
- Support targeted energy assistance, arrearage management, and bill-payment programs for low-income customers and customers in disadvantaged communities.
- Support efforts to maximize federal, state, and regional funding opportunities that offset energy costs for customers.
- Oppose legislation, policies, or regulatory actions that unfairly shift costs to CCA customers or limit DCE's ability to provide competitive rates.
- Oppose regulatory requirements that disproportionately increase costs for CCAs without providing corresponding system reliability benefits.
- Support reforms that improve transparency, fairness, and predictability within California's Resource Adequacy and Integrated Resource Planning frameworks.

- Support legislation, policies, and regulatory actions that preserve and enhance CCAs' ability to reduce power procurement costs through
- Protection of residential rates against paying for upgrades for large load interconnection

Clean Energy and Decarbonization

- Support legislation, policies, programs and initiatives that provide funding and incentives for clean energy, energy efficiency, decarbonization and green building programs.
- Support legislation, policies, programs and initiatives that contribute to the State's efforts to reduce the emission of greenhouse gases.
- Support policies, programs, and funding for electric vehicles (EV) charging infrastructure and increased use of EVs in the region.
- Support policies, programs, and funding that promote the adoption of EVs and the deployment of EV charging infrastructure in underserved communities.
- Oppose legislation, policies, and initiatives that would negatively impact the affordability and accessibility of EVs.
- Oppose legislation, policies, or regulatory efforts that would undermine the State's ambitious climate goals.
- Oppose legislation, policies, or regulatory efforts that would detrimentally impact DCE's ability to support or procure green energy for its customers.
- Oppose policies that unnecessarily delay deployment of clean energy infrastructure.

Local Generation, and Procurement,

- Support legislation, policies, programs and initiatives that would enhance the ability of DCE and other CCAs to invest in local and regional renewable energy resources.

- Support legislation, policies, programs and initiatives that encourage or incentivize the development of distributed energy resources in the region.
- Support legislation, policies, programs and initiatives that encourage renewable energy generation, sustainably sourced battery storage, and/or a combination of generation paired with storage.
- Support legislation, policies, programs, and initiatives that encourage community renewable energy projects to increase access to renewable energy generation for all communities.
- Support legislation, policies, programs, and incentives that facilitate the deployment of Virtual Power Plants (VPPs) using customer- sited solar, battery storage, electric vehicles, smart thermostats, and other distributed energy resources.
- Support market structures that compensate customers for providing grid reliability, demand reduction, and energy storage services for verified grid services, with equitable allocation of program costs.
- Support streamlined interconnection procedures and modernization of distribution system planning to support distributed resources.
- Support procurement policies that recognize the value of local reliability resources, long-duration energy storage, clean firm resources, and demand-side solutions.
- Support regional coordination efforts that enhance reliability while preserving local energy procurement authority.
- Oppose legislation, policies, or regulatory efforts that would discourage and/or disincentivize the development of distributed energy resources in the region.
- Oppose legislation, policies, or regulatory efforts that would hinder DCE's ability to procure locally sourced clean energy.
- Oppose policies that create barriers to participation in distributed energy resource aggregation programs.

Community Choice

- Support legislation, policies, and funding that would maintain or improve the stability of CCAs by implementing an equitable regulatory structure that preserves local decision-making authority, including rate setting and energy procurement.
- Oppose legislation, policies, and regulatory efforts that would weaken the ability of CCAs to achieve their missions and serve the communities in which they operate.

Capacity and Resilience

- Support legislation, policies, and funding to expand the deployment of energy storage to improve grid reliability during periods of high energy demand or limited supply.
- Support necessary infrastructure upgrades to enhance grid capacity and resilience qualifying support with cost-effectiveness, equitable cost allocation, and timely interconnection
- Support efforts for new large loads to bear their attributable infrastructure costs and avoid shifting costs to existing customers.

- Support legislation, policies, funding and incentives to expand cost-effective demand response, including load shifting and load reduction to protect grid reliability and reduce the necessity and frequency of rolling outages.

- Support policies that contribute to long-term grid resilience and reduce the need for wildfire related Public Safety Power Shutoffs and supply related rotating outages.
- Promote efficient communication and dissemination of information to DCE customers regarding potential power outages, including those related to wildfires or energy supply.
- Support legislation, policies, programs, and initiatives that enable microgrids to maintain power and critical facilities during outages.
- Support investments in community resilience centers, cooling centers, and emergency energy infrastructure to address the increasing frequency of extreme heat events.
- Support programs that deploy backup power systems and battery energy storage at critical facilities, including hospitals, emergency response facilities, schools, and water infrastructure.
- Support climate adaptation and resilience strategies that address wildfire risk, drought, extreme heat, and other climate-related threats to energy reliability.

Energy Efficiency and Workforce

- Support legislation, policies, funding and incentives to improve access to energy efficient electric building technologies and appliances (e.g., heat pumps, induction cooktops, electric clothes dryers, etc.) for all households.
- Support policies, programs and funding that expand access to rooftop solar and battery storage for all households.
- Oppose legislation, policies, and regulatory efforts related to Net Energy Metering (NEM) that would disincentivize the adoption of rooftop solar and/or battery storage.
- Oppose legislation, policies, and regulatory efforts that would make clean energy technology, including rooftop solar and/or battery storage, less affordable and accessible.
- Support policies, programs, initiatives, and funding relating to workforce training in energy efficiency and renewable energy sectors.



Desert Community Energy

2027~~3~~- 2028 Legislative Platform

Adopted: ~~February 6~~, ~~2023~~

DESERT COMMUNITY ENERGY

Desert Community Energy

Desert Community Energy (DCE) is a not-for-profit, publicly managed Community Choice Aggregator (CCA) currently providing power to residential, commercial, industrial and municipal customers in the City of Palm Springs, with the City of Palm Desert also being a member. DCE gives customers the option to buy cleaner, greener electricity at competitive prices while improving air quality and helping cities achieve their climate goals. DCE is governed by a Board of Directors from participating cities who set rates and determine where clean energy is sourced, allowing local elected officials to make decisions that affect ratepayers. DCE also has a Community Advisory Committee, composed of community members from participating cities, to advise the Board on programs, policy, and outreach.

The purpose of this document is to identify principles consistent with DCE's mission to guide advocacy efforts relating to legislative and regulatory matters at the state and federal levels. These principles will guide~~empower~~ DCE staff in ~~to quickly and efficiently~~ responding promptly to opportunities for advocacy as they relate to CCAs, the development and procurement of carbon-free energy, and the expansion of clean energy technology. These actions may include, but are not limited to, signing on to letters and petitions, supporting legislation and ballot initiatives, taking positions on potential regulatory changes, and pursuing grant opportunities. This document will ~~assist in facilitating the development of~~help guide a strategic plan of action that advances DCE's objectives, addresses the needs of its customers, and promotes the expansion of clean energy production and procurement throughout DCE's territory and nearby areas. Actions taken under this platform shall be consistent with Board-adopted policies and delegated authority.

DCE Members:

City of Palm Desert

City of Palm Springs

Desert Community Energy
74-199 El Paseo, Suite 100
~~73-710 Fred Waring Drive~~
~~Suite 200~~
~~Palm Desert, CA 92260~~
Tel: 855-357-9240
~~www.cvag.org~~
desertcommunityenergy.org

Guiding Principles



Energy Affordability

~~Support initiatives that provide funding and incentives for clean energy, energy efficiency, decarbonization and green building programs.~~



Clean Energy and Decarbonization~~Local~~

Support initiatives that would enhance the ability of DCE and other CCAs to invest in local and regional renewable energy resources and decarbonization initiatives in transportation and buildings.



~~Community Choice~~ Local Generation and

Support initiatives that ~~maintain or improve the stability of CCAs by implementing an equitable regulatory structure.~~ expand local and regional clean energy generation, storage, and procurement.



~~Grid Capacity & Resilience~~ Community Choice

Support initiatives that increase ~~grid capacity and strengthen its resilience during high demand.~~and protect local governance and decision-making



~~Access to Clean Energy~~Capacity and

~~Support initiatives that increase access to affordable and clean energy technology for all households.~~ Support initiatives that increase access to energy



E~~lectric Vehicles &~~ Charging~~nergy Effiecny &~~

Support initiatives that expand the adoption ~~of electric vehicles and increase the deployment of electric vehicle charging infrastructure.~~ and



~~Education~~

~~Support initiatives that develop workforce training programs and educate the public on energy efficiency principles.~~

Energy Affordability a~~nd Cost Containment~~

- Support legislation, policies, programs, and funding that reduce customer electric bills and address the underlying drivers of rising electricity costs.
- Support reforms that improve cost transparency, accountability, timely data, accurate valuation of retained resources, and equitable allocation of utility costs among all electricity customers, including but not limited to, the Power Charge Indifference Adjustment (PCIA).
- Support targeted energy assistance, arrearage management, and bill-payment programs for low-income customers and customers in disadvantaged communities.
- Support efforts to maximize federal, state, and regional funding opportunities that offset energy costs for customers.
- Oppose legislation, policies, or regulatory actions that unfairly shift costs to CCA customers or limit DCE's ability to provide competitive rates.
- Oppose regulatory requirements that disproportionately increase costs for CCAs without providing corresponding system reliability benefits.
- Support reforms that improve transparency, fairness, and predictability within California's Resource Adequacy and Integrated Resource Planning frameworks.

- Support legislation, policies, and regulatory actions that preserve and enhance CCAs' ability to reduce power procurement costs through
- Protection of residential rates against paying for upgrades for large load interconnection

Clean Energy and Decarbonization

- Support legislation, policies, programs and initiatives that provide funding and incentives for clean energy, energy efficiency, decarbonization and green building programs.
- Support legislation, policies, programs and initiatives that contribute to the State's efforts to reduce the emission of greenhouse gases.
- Support policies, programs, and funding for electric vehicle (EV) charging infrastructure and increased use of EVs in the region.
- Support policies, programs, and funding that promotes the adoption of EVs and the deployment of EV charging infrastructure in underserved communities.
- Oppose legislation, policies, and initiatives that would negatively impact the affordability and accessibility of EVs.
-
- Oppose legislation, policies, or regulatory efforts that would undermine the State's ambitious climate goals.
- Oppose legislation, policies, or regulatory efforts that would detrimentally impact DCE's ability to support or procure green energy for its customers.
- Oppose policies that unnecessarily delay deployment of clean energy infrastructure.

Local Generation, and Procurement, ~~Distributed Energy Resources~~

- Support legislation, policies, programs and initiatives that would enhance the ability of DCE and other CCAs to invest in local and regional renewable energy resources.
- Support legislation, policies, programs and initiatives that encourage ~~and/~~or incentivize the development of distributed energy resources in the region.
- Support legislation, policies, programs and initiatives that encourage renewable energy generation, sustainably sourced battery storage, and/or a combination of generation ~~plus~~ paried with storage.
- Support legislation, policies, programs, and initiatives that encourage community renewable energy projects to increase access to renewable energy generation for all communities.
- Support legislation, policies, programs, and incentives that facilitate the deployment of Virtual Power Plants (VPPs) ~~utilizing~~ using ~~-~~customer-~~owned~~ sited solar, battery storage, electric vehicles, smart thermostats, and other distributed energy resources.
- Support market structures that compensate customers for providing grid reliability, demand reduction, and energy storage services for verified grid services, with equitable allocation of program costs.
- Support streamlined interconnection procedures and modernization of distribution system planning to support distributed resources.
- Support procurement policies that recognize the value of local reliability resources, long-duration energy storage, clean firm resources, and demand-side solutions.
- Support regional coordination efforts that enhance reliability while preserving local energy procurement authority.
- Oppose legislation, policies, or regulatory efforts that would discourage and/or disincentivize the development of distributed energy resources in the region.
- Oppose legislation, policies, or regulatory efforts that would hinder DCE's ability to procure locally sourced clean energy.
- Oppose policies that create barriers to participation in distributed energy resource aggregation programs.

Community Choice

- Support legislation, policies, and funding that would maintain or improve the stability of CCAs by implementing an equitable regulatory structure that preserves local decision-making authority, ~~such as setting~~ including rate~~s~~ setting and energy procurement.
- Oppose legislation, policies, and regulatory efforts that would weaken the ability of CCAs to achieve their missions and serve the communities in which they operate.

~~Increase Grid~~ Capacity and Resilience

- Support legislation, policies, and funding to expand the deployment of ~~renewable~~ energy storage to ~~stabilize the~~improve grid reliability during periods of ~~excessive energy consumption~~high energy demand or limited supply.
- Support necessary infrastructure upgrades to enhance grid capacity and resilience~~.~~ qualifying support with cost-effectiveness, equitable cost allocation, and timely interconnection
- Support efforts for new large loads to bear their attributable infrastructure costs and avoid shifting costs to existing customers.

- Support legislation, policies, funding and incentives to expand costs-effective demand response, including ~~improve~~ load shifting ~~management~~ and load reduction ~~as the preferred method of demand response~~ to protect grid reliability and reduce the necessity and frequency of rolling outages.
- Support policies that contribute to long-term grid resilience and reduce the need for wildfire related ~~y,~~ ~~rather than reliance upon short-term solutions, such as~~ Public Safety Power Shutoffs and supply related rotating outages ~~events~~.
- Promote efficient communication and dissemination of information to DCE customers regarding ~~as it relates to~~ potential power outages, including those related to wildfires or energy supply. ~~shutoffs during periods of high grid-wide power consumption.~~
- Support ~~and incentivize~~ legislation, policies, programs, and initiatives that enable ~~encourage the development of~~ microgrids ~~for important and essential~~ to maintain power and critical facilities ~~that may remain operational in the event of a power outage.~~ during outages.
- • Support investments in community resilience centers, cooling centers, and emergency energy infrastructure to address the increasing frequency of extreme heat events.
- • Support programs that deploy backup power systems and battery energy storage at critical facilities, including hospitals, emergency response facilities, schools, and water infrastructure.
- • Support climate adaptation and resilience strategies that address wildfire risk, drought, extreme heat, and other climate-related threats to energy reliability.

~~Expand Access to Clean Energy Technology~~ Energy Efficiency and Workforce

- Support legislation, policies, funding and incentives to improve access~~ibility~~ to energy efficient electric ~~clean~~ building ~~energy~~ technologies~~y~~ and appliances (e.g., heat pumps, induction cooktops, electric clothes dryers, etc.) for all households.
- Support policies, programs and funding that expand access to ~~fo~~r rooftop solar and battery storage for all households.
- Oppose legislation, policies, and regulatory efforts related to Net Energy Metering (NEM) that would disincentivize the adoption of rooftop solar and/or battery storage.
- Oppose legislation, policies, and regulatory efforts that would make clean energy technology, including rooftop solar and/or battery storage, less affordable and accessible.

- Support policies, programs, initiatives, and funding relating to workforce training in ~~the~~ energy efficiency and renewable energy sectors. ~~space~~.
- ~~Support policies, programs, initiatives, and funding relating to energy education centers in an effort to educate the community at large on energy efficiency measure~~

-

~~Electric Vehicles (EVs) and EV Charging Infrastructure~~

- ~~Support policies, programs, and funding for EV charging infrastructure and increased use of EVs in the region.~~
- ~~Support policies, programs, and funding that promotes the adoption of EVs and the deployment of EV charging infrastructure in underserved communities.~~
- ~~Oppose legislation, policies, and initiatives that would negatively impact the affordability and accessibility of EVs.~~

~~Support Education Initiatives regarding Clean Energy and Energy Efficiency Measures:~~

- ~~Support policies, programs, initiatives, and funding relating to workforce training in the energy efficiency and renewable energy space.~~
- ~~Support policies, programs, initiatives, and funding relating to energy education centers in an effort to educate the community at large on energy efficiency measure~~

ITEM 5C

Desert Community Energy Board
November 17, 2026

STAFF REPORT

Subject: **Update on Pre-Pay Bond Financing Transaction**

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 the necessary steps to finalize and execute a Limited Assignment Agreement (LAA) with Clean Energy Alliance (CEA)

Background: 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 DCE and other Community Choice Aggregators (CCAs). Such bonds have been in use for years by municipal utilities to contract for natural gas or electricity at discounted prices and utilized 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. In this structure, tax-exempt bonds are issued and the bond proceeds are used to secure a 30-year energy supply from a 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 the bond issuer charges the CCA a discounted rate. The difference is typically up to 10 percent or more depending on market conditions, resulting in a discount for the CCA. This discount results primarily from the difference between the taxable interest rate at which the proceeds are loaned by the Pre-paid Supplier to the bank and the tax-exempt interest rate on the bonds.

In November 2025, the DCE Board took its first steps for pre-pay bond financing in partnership with Redwood Coast Energy Authority (RCEA). In June 2026, the DCE and RCEA Boards authorized the final steps necessary to issue jointly a pre-pay bond, the first for each CCA. Staff has since advanced the prepay transaction through necessary approvals, negotiated the Limited Assignment Agreements and Voluntary Allocation and Market Offer (VAMO) arrangements, completed due diligence, and worked with the financing team to finalize the transaction documents, preliminary official statement, ratings, and green bond opinion. Staff also evaluated funding and savings options and monitored market conditions in preparation for bond pricing.

On September 16, 2026, the California Community Choice Financing Authority (CCCFA) priced $576,890,000 of Clean Energy Project Revenue Bonds, Series 2026H-1 (Term Rate), and $82,350,000 of Clean Energy Project Revenue Bonds, Series 2026H-2 (SOFR Index Rate), totaling $659,240,000. Approximately 29% of the total bond issuance was attributable to DCE's pre-paid energy supply. The bonds closed and were delivered on September 24, 2026, to finance a clean energy prepayment transaction for DCE and RCEA as project participants. For DCE, the transaction is expected to generate approximately $13.55 million in energy cost savings, or 11.8% of DCE's prepaid cashflows, during the initial reset period from February 2027 through July 2036. Savings are expected to average almost $1.3 million for fiscal years 2026-27 through 2035-36. Staff is now planning the invoicing and settlement processes that will be required once prepaid energy deliveries begin in February 2027.

The bonds are non-recourse to DCE, and DCE is obligated only to pay for electricity delivered under the related agreements. The transaction involved the CCCFA as issuer and various financing, energy-supply, swap, trustee, custodial, and underwriting counterparties, including affiliates of The Goldman Sachs Group, Inc., BP Energy Company, U.S. Bank Trust Company, National Association, and The Bank of New York Mellon.

As part of finalizing the transaction documents, the VAMO swap confirmations with Clean Energy Alliance (CEA) were updated to reflect revised delivery quantities and a February 2027 start date, consistent with the revised timing of the prepay transaction. Staff finalized the updated confirmations and related Limited Assignment Agreement (LAA) under the authority previously delegated to the Executive Director.

CEA is now moving forward with its own pre-pay bond transaction, planned for later this year, and intends to include the VAMO renewable energy purchased from DCE. Doing so would require the execution of another LAA to assign the EEI Master Agreement and Confirmation (where DCE sells renewable energy to CEA) into the CEA transaction. This second LAA is expected to mirror the one previously authorized by the Board and executed as part of DCE's pre-pay. Staff are currently discussing the terms of the LAA with CEA, and is recommending the Executive Director be authorized to finalize and execute the needed agreement.

Fiscal Analysis: There is no additional cost for the CEA LAA.

Pre-payment 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. 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.

The 11.8% discount in energy costs achieved through the prepayment structure exceeded the minimum set by the Board in June 2026 and will flow directly into DCE's financial position by reducing the cost of wholesale power. The estimated cost of issuance for the combined DCE/RCEA transaction was approximately $1.38 million and the underwriting fee was $3.3 million, both paid from bond proceeds. As a percentage of total bond proceeds, these costs were within the 1% maximum set by the Board in June 2026. Once the cost of issuance is finalized during the annual true-up in September 2027, DCE may be refunded any amounts in excess of fee invoices received. DCE also incurred costs that will not be paid from bond proceeds: $50,000 for membership in CCCFA and $50,053.33 in legal fees associated with the LAAs with Terra-Gen.

Attachment: Form of Limited Assignment Agreement (LAA)

ITEM 5D

Desert Community Energy Board
November 17, 2026

STAFF REPORT

Subject: **Establishing a Matching Program for City of Palm Springs Residential Upgrade Program**

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

Recommendation: Authorize the Executive Director to establish a financial match to the City of Palm Springs' new Energy Efficiency Home Upgrade Pilot Program and return to the Board to formalize a Memorandum of Understanding

Background: In June 2026, the Board approved the Fiscal Year 2026-27 Annual Budget, which identified $500,000 in proposed matching funds for customer programs offered with the City of Palm Springs. The funding was originally intended to support the City of Palm Springs' proposed reach code ordinances by providing incentives to customers undertaking qualifying energy efficiency upgrades, further supporting the City's greenhouse gas (GHG) reduction goals. The Fiscal Year 2026-27 budget for the City of Palm Springs' Office of Sustainability also includes funding for this program.

City staff have recently indicated programmatic change, shifting the scope away from reach code support and expanded through coordination with the City's Housing and Community Development Department and its existing home rehabilitation program. The City is now interested in DCE's matching support for a new Energy Efficiency Home Upgrade Pilot Program that is expected to provide energy assessments and qualifying energy efficiency improvements to eligible low- and moderate-income homeowners, helping reduce household energy costs and improve home comfort and resilience. At its August 26, 2026, meeting, the City of Palm Springs City Council approved an amendment to a contract services agreement with Neighborhood Partnership Housing Services, Inc. to allow the City to continue administration of the Community Development Block Grant (CDBG) Owner-Occupied Home Rehabilitation Program while utilizing the consultant's expertise to implement residential energy efficiency improvements.

As currently envisioned, the program would aim to improve the resiliency of Palm Springs' vulnerable populations to the adverse financial and environmental impacts of climate change. The program also looks to improve the energy efficiency of Palm Springs' housing stock to help meet the City's Climate Action and Sustainability goals. For each home accepted into the program, a consultant will conduct an energy audit to identify potential Energy Efficiency improvements and develop a report outlining recommended Energy Conservation Measures. Subject to a funding cap per home, all or a portion of the measures will be implemented at no cost to the homeowner. A partial list of measures includes:

- replacement of lighting fixtures or sensors
- attic or wall insulation
- duct sealing
- window replacement
- appliance and equipment replacement (e.g., refrigerator, water heater, air conditioner)

DCE and City of Palm Springs staff have initiated discussions about the program and there is interest in formalizing a partnership through a two-year Memorandum of Understanding (MOU) that would establish program goals and terms of DCE's financial support. Staff is now recommending that the Board authorize the Executive Director to work with the City to develop the partnership, and then return to the Board with an MOU. Staff will also return to the Board with metrics on the number of homeowners and small businesses who are expected to benefit from the program and on the estimated energy and cost savings.

In addition to supporting residential energy efficiency improvements, DCE staff is also exploring opportunities to leverage its partnership with the City of Palm Springs to expand energy efficiency services for small commercial customers through the Community Energy Savings (CES) Program. At the September 2025 meeting, the DCE Board authorized staff to establish DCE's first energy efficiency initiative for small commercial customers – the Community Energy Savings (CES) Program – including preparing and submitting a Tier 3 Advice Letter and Elect-to-Administer (ETA) application to the California Public Utilities Commission (CPUC). The program, if approved by the CPUC, would reinvest Public Purpose Program funds to benefit local customers, with a request of approximately $300,000 over three years to support direct installation of energy efficient equipment for small businesses and distribution of free savings kits. Staff has been working with the City of Palm Springs' Office of Economic Development to develop outreach plans and to investigate ways to align the program with others already offered by the city supporting small businesses. Additional DCE funding could expand the program's reach, helping more small businesses reduce their energy costs.

Fiscal Analysis: The approved Fiscal Year 2026-27 Annual Budget includes $500,000 for programs that deliver services and benefits directly to customers in partnership with the City of Palm Springs. DCE staff anticipates allocating the funds across both the Energy Efficiency Home Upgrade Pilot Program and the small commercial Community Energy Savings Program, so that the total matches the funding budgeted by the City of Palm Springs' Office of Sustainability.

The support for the pilot program would not exceed $400,000 each year, contingent on Board approval of future year funding and on the participation rate. The remainder of the matching funds would supplement and support the CES program and retrofits.

Staff would note that a customer program match was first budgeted for Fiscal Year 2025-26 but was rolled over since the program launch was delayed. Upon DCE Board approval, staff intends to propose an additional $500,000 for the match in the Fiscal Year 2027-28 budget that comes forward in June 2027 for approval.

ITEM 5E

Desert Community Energy Board
November 17, 2026

DESERT COMMUNITY ENERGY
The POWER of choice

STAFF REPORT

Subject: **Generation Rate Decrease for Carbon Free Customers**

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

Recommendation: Affirm a 6.7 percent generation rate decrease for Carbon Free customers effective January 1, 2027

Background: DCE's Rate Stabilization Schedule (RSS) sets the parameters for adjusting DCE rates due to changes in energy costs, Southern California Edison (SCE) costs, other factors affecting the Power Charge Indifference Adjustment (PCIA, or exit fee), SCE retail rate changes, collection of SCE balancing account charges, and/or regulatory actions. For both the Carbon Free and Desert Saver categories, any single RSS rate adjustment may not exceed a plus or minus five (5.0) percent change to DCE's average generation rates. Anything outside that range must be presented for Board approval.

On June 24, 2026, the Board approved DCE's Fiscal Year 2026-27 Budget that included a 4.0 percent generation rate decrease for Carbon Free customers effective July 1, 2026. A second generation rate decrease for Carbon Free customers – at the time, estimated to be 6.7 percent effective January 1, 2027 – was also approved by the Board. This decrease was included in the budget, but staff noted the percentage was pending operating results during the fiscal year.

DCE's Risk Management Team compares DCE's budget to actual revenues and projected costs on a monthly basis. Actuals through the end of the first quarter show that increased load has resulted in higher net revenues than forecast by over $1 million. Looking forward, total revenue for the year is projected to be $4.9 million below the prior projection, mainly due to higher PCIA costs. These decreased revenues are expected to be largely offset by $4.1 million in lower power costs from reduced Resource Adequacy and Renewable Portfolio Standard market price benchmarks, with a net impact of approximately $700,000 for FY2026-27. Additional details on the impact that the Power Charge Indifference Adjustment (PCIA, or exit fee) has on the budget are detailed as part of the Fiscal Year 2025-26 Audit Report, which is separately being considered by the Board.

Given that operating results to date do not suggest a need for a course correction, staff recommends that the Board affirm the previously-adopted 6.7 percent generation rate decrease for Carbon Free customers effective January 2027. Following implementation of the proposed rate decrease, DCE is still projected to meet its Fiscal Year 2026-27 operating budget and financial coverage objectives, including its applicable reserve targets. Staff anticipates a mid-year budget adjustment for Board approval in early 2027 to align estimates with current conditions and ensure budgeted coverage objectives are met.

Fiscal Analysis: The impact on revenues of the generation rate decrease is already reflected in the approved Fiscal Year 2026-27 budget. For a DCE residential Carbon Free customer, the

total bill is projected to be an average of $13 per month lower on January 1, 2027 than it would have been based on current rates. For a Carbon Free commercial customer, the projected decrease is an average of $40 per month. Because DCE bills include Southern California Edison (SCE) delivery charges, these dollar comparisons are more complex than the percentage of the generation rate decreases alone and depend in part on how SCE's charges are projected to change. In this instance, SCE is increasing its delivery charges starting in January 2027 which lessen the positive impact of DCE generation rate decreases on the total bill for Carbon Free customers.

ITEM 6A

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 6B

Desert Community Energy Board
November 17, 2026

DESERT COMMUNITY ENERGY
The POWER of choice

STAFF REPORT

Subject: **DCE's Financial Reserves Policy Update**

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

Recommendation: Information

Background: With the Fiscal Year 2025-26 audit complete, the financial statements filed, and the new fiscal year underway, DCE has achieved a key milestone: reaching its maximum Basic Reserve target. This strong financial position provides an opportunity to revisit the reserve policy and determine how best to allocate existing resources while maintaining adequate financial protection. With this report, staff is providing this informational update on the policy review and work underway to develop proposed policy amendments. DCE staff will also be working on reserve allocations.

The Board last amended Financial Reserve Policy No. 18-10 in December 2024. The policy establishes a minimum Basic Reserve target of 50% of the most current Board-approved total power and operating costs budget, described as 180 days of operating capital, and a maximum target of 75%, described as 270 days. It also provides for Fixed Charge Coverage, Stabilization, Procurement, and Customer and Programmatic Reserves, which are treated independently of the Basic Reserve. Use of reserves is subject to Board approval.

As of September 30, 2026, DCE reported 393 days cash on hand, excluding its revolving line of credit, and 561 adjusted days cash on hand when including a $20 million revolving line of credit. The credit facility provides additional liquidity but is not cash owned by DCE and is distinct from funded Basic or Special Reserves. In August 2024, S&P Global Ratings assigned DCE a BBB issuer credit rating with a stable outlook and emphasized sustained liquidity, fixed charge coverage, and more predictable power procurement costs. S&P Global Ratings is now reviewing DCE's rating and updating its prior assessment which could be expected in the next couple of months.

An updated financial reserve policy review provides an opportunity to address how swings in operating expenses affect reserve targets. Because the current targets are tied to expenses in a one-year period rather than fixed dollar amounts or multi-year averages, lower Board-approved budgeted expenses reduce the corresponding financial reserve dollar targets. In fact, had the expense level of Fiscal Year 2025-26 sustained into the current fiscal year, the basic reserves targets would be just at the threshold. Since power costs will fluctuate over time, staff is evaluating how to maintain adequate reserves through both lower- and higher-cost operating environments. Alternatives to a single-year expense base include a rolling average, limits on annual changes in target dollar amounts, or the highest annual expense level over the preceding years. These approaches will be evaluated for their ability to provide more stable reserve targets without creating undue burden.

DCE staff is also reviewing how other community choice aggregation agencies (CCAs) structure their reserve policies. The comparison examines how each agency calculates reserves, the types and purposes of any special reserves, minimum and maximum balances, funding timelines and target goals, permitted uses, and authority required to use reserves. This review will help inform DCE's policy discussions; it does not represent a recommendation to adopt another agency's approach.

The review also addresses the structure and administration of Special Reserves, including whether to retain separate categories or consolidate overlapping purposes, and the role of the Procurement Reserve. Other considerations include target funding levels and allocation priorities, clearer permitted uses and approval authority, replenishment requirements, and procedures for addressing balances above target, including when to return to the Board to discuss rates or other uses. In parallel, staff is evaluating how best to allocate resources above the Basic Reserve target among appropriate Special Reserve categories. This work is closely linked to the policy review, since reserve definitions, targets, and purposes will guide those allocations.

DCE's current financial reserves policy can be found here: DCE Policy 18-10 Staff will return to the Board in early 2027 with recommendations and the recommended updated policy.

Fiscal Analysis: There is no additional cost for this informational item. Any fiscal effects of proposed policy amendments or reserve allocations will be presented when staff returns to the Board for consideration.

ITEM 6C

Desert Community Energy Board
November 17, 2026

STAFF REPORT

Subject: **Calpine Community Energy's Community Benefits Grant Program**

Contact: Eman Nazir, Management Analyst (enazir@cvag.org)

Recommendation: Information

Background: Calpine Community Energy (Calpine) is contracted by DCE to provide front-line customer services, including data management and customer call center services. On May 19, 2025, the DCE Board approved an agreement with Calpine through April 2028 that also established a Community Benefits Grant Program funded through a two percent rebate of annual data management service fees to support local nonprofit organizations.

The Board has been receiving updates on the new grant program since September 2025, and staff also provided an update to DCE's Community Advisory Committee in April 2026. The program officially launched on May 15, 2026, with applications accepted through June 26, 2026. DCE staff participated in the outreach efforts in order to ensure broad participation.

The inaugural funding cycle received strong interest from local nonprofit organizations. Following a thorough application review and scoring process conducted jointly by DCE and Calpine staff, Calpine selected four grant recipients, who were notified of their awards on August 12, 2026:

- Palm Springs Art Museum received $5,000 to support an Earth Day-themed family event featuring environmental education and sustainability-focused art activities.
- Boys & Girls Club of Palm Springs received $2,500 to support renewable energy education, hands-on STEM activities, and clean energy career exploration for local youth.
- Leadership Coachella Valley received $2,000 to support transportation and coordination of its sustainability and conservation educational session.
- Jewish Family Services of the Desert received $1,843 to support for its "Let's Do Lunch!" program, providing meals and social engagement opportunities for older adults.

Award amounts were determined based on available funding, application evaluations, and the funding requests submitted by each organization.

DCE and Calpine staff will conduct brief check-ins with grantees at the six-month and 12-month marks to monitor program progress, expenditures, and community impact. Reporting requirements will be streamlined, consisting of short progress updates, expenditure summaries, and photographs or other documentation of program activities. Upon completion of the grant cycle, staff will share the grantees' final reports with the DCE Board to highlight program outcomes and community impact.

Fiscal Analysis: There is no cost to DCE associated with this informational report.

A total of $11,343 was awarded across the four organizations, with grant funds expected to be distributed before the end of 2026. Grant awards are funded through Calpine's contractual Community Benefits Grant Program.

ITEM 6D

Desert Community Energy Board
November 17, 2026

STAFF REPORT

Subject: **2025 Power Content Label**

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

Recommendation: Information

Background: All retail sellers of electricity, including Community Choice Aggregators such as DCE, are required by Senate Bill 1305, codified in Section 398.1 of the California Public Utilities Code, to disclose "accurate, reliable, and simple-to-understand information on the sources of energy" that are delivered to their customers each year. As part of this process, the DCE Board has historically adopted resolutions to approve the Power Source Disclosure (PSD) Annual Reports and Power Content Label (PCL) each year (in June and September, respectively).

On June 3, 2025, CEC staff notified DCE that it would not generate the annual PCLs for all CCAs until mid-September of each year and that PCLs no longer require Board approval. At its June 24, 2026, meeting, the Board approved the 2025 PSD, and staff shared a preliminary 2025 PCL.

DCE provided 100% carbon-free energy to Carbon Free customers, including 69% renewable energy eligible under the State's Renewables Portfolio Standard (RPS) purchased from solar facilities (21%), wind facilities (48%), and small hydropower facilities (1%). The remaining carbon-free energy was purchased from large hydropower facilities (27%) and nuclear facilities (5%), which are not considered renewable under the RPS.

DCE provided Desert Saver customers with 82% carbon-free energy, including 37% renewable energy eligible under the RPS, which was purchased from geothermal facilities (3%), solar facilities (12%), and wind facilities (22%). The remaining energy was purchased from nuclear facilities (43%).

Both of DCE's energy products, Carbon Free and Desert Saver, achieved greenhouse gas emissions intensities of 0 and 205 lbs. of CO_2e emitted per megawatt-hour, respectively. This is less than the California Utility Average of 384 lbs. of CO_2e emitted per megawatt-hour. For context, the term CO_2 equivalent (CO_2e) is a standard unit for measuring carbon footprints, quantifying the impact of different greenhouse gases in terms of the amount of carbon dioxide, CO_2, that would create the same amount of warming.

The DCE 2025 PCL for Carbon Free and Desert Saver was prepared by the CEC and is provided with this report. Based on CEC Staff's review of DCE's data, the information presented in the 2025 PCL is determined to be accurate. Per CEC requirements, DCE posted the 2025 PCL to its website on September 25, 2026, before the October 1 deadline. The CEC also requires DCE to send the annual PCL to all active customers via mail or email, depending on the customer's preference, by December 31 of each year.

Desert Community Energy
2025 Power Content Label

Emissions, Power Sources, Unbundled RECs	Carbon Free (Retail Sales)	Desert Saver (Retail Sales)	Desert Community Energy Total (Retail Sales, Other End Uses, & Losses)	CA Utility Average (Retail Sales, Other End Uses, & Losses)
Greenhouse Gas Emissions Intensity (lbs of CO_2e emitted per megawatt hour)	**0**	**205**	**95**	**384**
Renewables and Zero-Carbon Resources	**100%**	**82%**	**91%**	**67%**
Fossil Fuels	**0%**	**18%**	**9%**	**33%**
Biomass & Biogas	0%	0%	0%	2%
Geothermal	0%	3%	1%	5%
Eligible Hydroelectric	1%	0%	0%	1%
Solar	21%	12%	18%	25%
Wind	48%	22%	40%	14%
RPS Eligible Renewables - Subtotal	**69%**	**37%**	**58%**	**46%**
Large Hydroelectric	**27%**	**0%**	**19%**	**10%**
Nuclear	**5%**	**43%**	**13%**	**10%**
Emerging Technologies	**0%**	**0%**	**0%**	**0%**
Other	**0%**	**0%**	**0%**	**0%**
Natural Gas	**0%**	**0%**	**0%**	**11%**
Coal & Petroleum	**0%**	**0%**	**0%**	**2%**
Unspecified Power (92% fossil fuels)	**0%**	**20%**	**9%**	**21%**
Total	**100%**	**100%**	**100%**	**100%**
Retail sales covered by retired unbundled RECs	0%	0%	N/A	N/A

- This label does not reflect compliance with the Renewables Portfolio Standard (RPS), which measures the use of tracking instruments called Renewable Energy Credits (RECs) over the course of multi-year compliance periods. RECs that are purchased separately from the renewable energy ("Unbundled RECs") can be used for RPS compliance, but they do not factor into the power mixes or GHG emissions intensities above.
- GHG intensity figures exclude biogenic CO_2 and emissions from geothermal sources and grandfathered imports of firmed-and-shaped energy. For detailed information about all GHG emissions from California's retail electricity suppliers, visit the CEC webpage at the link below.
- Unspecified power is electricity purchased from a genericized pool on the open market. In 2025, 92% of unspecified power came from fossil fuels (natural gas, coal, and petroleum) and 8% came from renewables and zero-carbon resources (RPS-eligible and other renewables, large hydroelectric, and nuclear).

Desert Community Energy
https://desertcommunityenergy.org/about/key-documents/

California Energy Commission - Power Source Disclosure
https://www.energy.ca.gov/programs-and-topics/programs/power-source-disclosure-program/power-content-label

Fiscal Analysis: There is no additional cost to DCE for this informational item.

ITEM 6E

Desert Community Energy Board
November 17, 2026

DESERT COMMUNITY ENERGY
The POWER of choice

STAFF REPORT

Subject: **Summary of October 2026 Rate Adjustment**

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

Recommendation: Information

Background: On November 16, 2020, DCE adopted a Rate Stabilization Schedule (RSS) as subsequently amended by the Board on May 12, 2023 and on March 17, 2025. The RSS authorizes staff to adjust DCE rates in response to changes in Southern California Edison (SCE) rates, the Power Charge Indifference Adjustment (PCIA, or exit fee), regulatory mandates, and to follow DCE Board-approved rate guidelines outlined in RSS Exhibit A.

The Board's currently approved RSS Exhibit A Rate Adjustment Guidelines include: 1) designing Desert Saver rates within a 0-1% average total bill discount versus SCE's comparable bundled non-California Alternative Rates for Energy (CARE) 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 as part of DCE's budget process, as such requirements may change during the budget year. Any single RSS rate adjustment may not exceed a plus or minus five percent change to DCE's average generation rates, without Board approval.

The RSS also requires DCE staff to prepare a 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 October 2026 rate adjustment.

October 2026 Rate Adjustment Summary:

DCE's RSS provides that DCE's generation rates may be adjusted by up to five percent during any given month due to unplanned and/or unexpected power supply and operating cost changes, or in response to changes in SCE's rates. SCE implemented rate changes effective October 1, 2026, based on changes to SCE's generation rates, delivery rates, and balancing account adjustments[1]. The net result is an overall increase to SCE's bundled base product total average monthly bill.

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 average total monthly bill for all Desert Saver customers. No material

[1] For a more complete description of SCE's October 1, 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 .

adjustments were applied to DCE's generation rates for Carbon Free customers. Adjustments to DCE's Desert Saver rates became effective on October 1, 2026, or as soon thereafter as practicable

October 2026 DCE Rate Adjustment Details:

- Effective Date: October 1, 2026 (or as soon thereafter as practicable, upon implementation of DCE's revised rate factors).
- RMT review and concurrence: September 24, 2026.
- Desert Saver average generation rate decrease of approximately 5.0 percent.
- No change to DCE's average Carbon Free generation rates.
- Rate forecast period utilized: November 1, 2026 – October 31, 2027
- Calculations and estimates are based on known and forecast costs and revenues throughout the rate forecast period.
- Any individual customer's average bill impact may vary depending on enrolled rate schedule and monthly electricity usage pattern.

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

As it pertains to the October rate adjustment, DCE's Desert Saver generation rates were adjusted to maintain a 0.0 – 1.0 average total monthly bill discount versus SCE's bundled base product average monthly total bill. No adjustments were made to DCE's Carbon Free generation rates. Based solely on changes to SCE rates, average total monthly bills for Desert Saver and Carbon Free customers increased approximately $5.06 and $9.06, respectively.

Staff continues to work with the California Community Choice Association (CalCCA) and other Community Choice Aggregators (CCAs) to collectively address cost-effectiveness, legislative and CPUC actions impacting CCAs. Additionally, DCE will continue to highlight DCE's retail product choices as part of community engagement efforts. 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.

DESERT COMMUNITY ENERGY
INVESTMENT REPORT
FOR JUNE, 2026

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	$ 197,981	0.48%	$ 197,981		0.48%	N/A
River City Bank - ICS	$ 2,506,357	6.11%	$ 2,506,357		6.11%	3.88%
River City Bank - Lockbox	$ 4,778,405	11.64%	$ 4,778,405		11.65%	N/A
River City Bank - Money Market	$ 405,751	0.99%	$ 405,751		0.99%	2.28%
Local Agency Investment Fund (LAIF)	$ 20,806,112	50.70%	$ 20,782,650	[a]	50.67%	3.82%
CAMP	$ 12,345,046	30.08%	$ 12,345,046		30.10%	3.78%
Overall Total	$ 41,039,652	100.00%	$ 41,016,190		100.00%	

Note:

[a] Source of Market Values - LAIF, State of California Pooled Money Investment Account Market Valuation - June 2026. Paper Gain/(Loss) was (0.113)%. 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, CPA
Director of Finance

Desert Community Energy
Statement of Net Position
June 30, 2026
(With prior year comparative totals)

	2026	2025
Assets:		
Current Assets:		
Cash and investments	$ 41,016,191	31,068,167
Restricted cash	-	147,000
Accounts receivable, net	13,128,924	17,294,391
Interest receivable	203,304	71,467
Prepaids	480,489	1,179,264
Total Current Assets	54,828,908	49,760,289
Non-current Assets:		
Deposits	1,010,584	1,010,584
Total Non-current Assets	1,010,584	1,010,584
Total Assets	$ 55,839,492	50,770,873
Liabilities:		
Current Liabilities:		
Accounts payable	$ 5,806,666	9,538,414
Due to other governments	461,948	785,146
Total Current Liabilities	6,268,614	10,323,560
Non-current Liabilities:		
Deposits payable	410,768	405,000
Total Non-current Liabilities	410,768	405,000
Total Liabilities	6,679,382	10,728,560
Deferred Inflows of Resources:		
Deferred rate stabilization revenue	5,245,256	-
Total Deferred Inflows of Resources	5,245,256	-
Net Position:		
Restricted	147,000	147,000
Unrestricted	43,767,854	39,895,313
Total Net Position	$ 43,914,854	40,042,313

Desert Community Energy
Statement of Revenues, Expenses, and Changes in Net Position
Year ended June 30, 2026
(With prior year comparative totals)

	2026	2025
Operating Revenues:		
Electricity sales	$ 59,571,687	70,781,913
Deferred rate stabilization revenue	(5,245,256)	-
Miscellaneous	3,655	16,683
Total operating revenues	54,330,086	70,798,596
Operating Expenses:		
Electricity cost	48,998,628	64,152,607
Consultants charges	2,175,104	2,457,846
Administration and general	205,222	181,282
Professional services	236,333	268,792
Total operating expenses	51,615,287	67,060,527
Operating income (loss)	2,714,799	3,738,069
Nonoperating Revenues (Expenses):		
Interest revenue	1,157,742	1,117,465
Total nonoperating revenues (expenses)	1,157,742	1,117,465
Change in net position	3,872,541	4,855,534
Net Position - beginning	40,042,313	35,186,779
Net Position - ending	$ 43,914,854	40,042,313

Desert Community Energy
Changes to Net Position Budget vs. Actual
July 1, 2025 - June 30, 2026

Financial Row	Amount	Budget Amount	Amount Over Budget	% of Budget
Ordinary Revenue/Expense				
Revenue				
4310 - 4310 - Carbon Free	$48,582,992	$47,710,621	$872,371	**101.83%**
4350 - 4350 - Desert Saver	$9,937,408	$9,758,969	$178,439	**101.83%**
4400 - 4400 - Energy Settlements	$2,371,000	$1,932,195	$438,805	**122.71%**
4525 - 4525 - Revenue from (deferred to) Stabilization Reserve	($5,245,255)	$0	($5,245,255)	**100.00%**
4900 - 4900 - Other Revenue	$3,655	$0	$3,655	**100.00%**
Total - Revenue	**$55,649,800**	**$59,401,785**	**($3,751,985)**	**93.68%**
Expense				
5100 - 5100 - Energy Procurement				
5100 - 5100 - Energy Procurement	$19,033,402	$18,945,182	$88,220	100.47%
5110 - 5110 - PCC1 REC Purchases	$4,739,453	$7,161,572	($2,422,119)	66.18%
5200 - 5200 - Resource Adequacy	$16,664,724	$17,866,888	($1,202,164)	93.27%
5220 - 5220 - Carbon Free Energy	$550,000	$550,000	$0	100.00%
5400 - 5400 - CAISO Market Charges	$3,327,292	$3,533,250	($205,958)	94.17%
5500 - 5500 - Long Term PPA	$4,663,756	$4,175,215	$488,542	111.70%
Total - 5100 - 5100 - Energy Procurement	**$48,978,627**	**$52,232,107**	**($3,253,479)**	**93.77%**
5600 - 5600 - CPUC Penalty	$20,000	$0	$20,000	100.00%
6100 - 6100 - Advertising/Marketing/Sponsorships	$669	$8,983	($8,314)	7.45%
6175 - 6175 - Postage	$11,761	$14,031	($2,270)	83.82%
6200 - 6200 - Printing/Copying	$10,369	$13,292	($2,923)	78.01%
6250 - 6250 - Professional Services				
6250 - 6250 - Professional Services	$155,980	$186,753	($30,773)	83.52%
6260 - 6260 - Audit/Accounting Services	$12,350	$0	$12,350	100.00%
Total - 6250 - 6250 - Professional Services	**$168,330**	**$186,753**	**($18,423)**	**90.14%**
6280 - 6280 - Legal Services	$68,003	$91,212	($23,209)	74.55%
6500 - 6500 - Direct Program/Project Costs				
6550 - 6550 - Consultants	$2,152,458	$2,587,888	($435,430)	83.17%
6650 - 6650 - Outreach Services	$22,646	$22,245	$401	101.80%
6675 - 6675 - Customer Programs	$0	$60,000	($60,000)	-100.00%
Total - 6500 - 6500 - Direct Program/Project Costs	**$2,175,104**	**$2,670,133**	**($495,029)**	**81.46%**
7050 - 7050 - Account/Service Fees	$7,662	$7,600	$62	100.81%
7175 - 7175 - Memberships	$161,913	$126,913	$35,000	127.58%
7200 - 7200 - Office Supplies	$0	$625	($625)	-100.00%
7225 - 7225 - Subscription Based Information Technology	$4,654	$4,961	($307)	93.81%
7275 - 7275 - Insurance	$8,194	$8,342	($148)	98.22%
7350 - 7350 - Bad Debt Expense	$1,319,713	$2,068,905	($749,192)	63.79%
Total - Expense	**$52,934,999**	**$57,433,858**	**($4,498,859)**	**92.17%**
Net Ordinary Revenue	**$2,714,801**	**$1,967,927**	**$746,874**	**137.95%**
Other Revenue and Expenses				
Other Revenue				
8001 - 8001 - Investment Income	$1,189,018	$917,832	$271,186	129.55%
8005 - 8005 - Gain/(Loss) in Investments	($31,278)	$0	($31,278)	-100.00%
Total - Other Revenue	**$1,157,741**	**$917,832**	**$239,909**	**126.14%**
Net Other Revenue	**$1,157,741**	**$917,832**	**$239,909**	**126.14%**
Net Revenue	**$3,872,541**	**$2,885,759**	**$986,782**	**134.19%**