

VALLEY CLEAN ENERGY ALLIANCE**Staff Report – Item 11**

TO: Board of Directors

FROM: Edward Burnham, Chief Financial Officer / Treasurer
Mitch Sears, Chief Executive Officer

SUBJECT: 2026 Operating Budget & Customer Rates - Recommended

DATE: December 11, 2025

RECOMMENDATIONS

1. Approve 2026 VCE Customer Rates:
 1. Standard Green Rates with a 5% discount to PG&E's 2026 generation rates
 - i. Additional 5% discount (10% combined) to PG&E 2026 Rates for CARE/FERA and Medical Baseline customers
 2. Base Green Rate discount of 2.5% to PG&E 2026 generation rates
2. Approve 2026 Budget with \$46.5 M of operating revenues and \$62.3 M of operating expenses for a net loss of \$15.8 M.

OVERVIEW

The purpose of this staff report is to: (1) present an analysis of 2026 customer rates, and (2) present the recommended 2026 Budget for Board consideration.

As detailed in the body of this report, the 2026 budget forecasts a net loss of \$15.8 M. Under the recommended budget for 2026, the Rate Stabilization Fund would be used to minimize the impacts of volatility in the Power Charge Indifference Adjustment (PCIA) and comparative PG&E Generation rates. By design, drawing on this fund during the 2026 budget cycle is projected to allow VCE to continue to offer competitive customer rates and local programs funding in 2026 while maintaining its investment-grade credit rating.

VCE's longer-term fiscal outlook (2027+) indicates continued constraints due to both regulatory changes expected in Power Charge Indifference Adjustment (PCIA) calculations and a lower overall forward current price curve, driving higher PCIA rates. Existing tools such as the Rate Stabilization Fund and rate adjustment mechanisms provide financial management tools to help address projected volatility through 2030.

BACKGROUND

At the November 13, 2025, Board meeting, Staff presented Item 10 as part of the first of two discussions for the Board's consideration of VCE's 2026 customer rates and Operating Budget. Staff presented three 2026 budget scenarios that outlined meeting VCE's financial policies, updated reserve targets, and customer program expansions, with a net loss range of (\$11.9 M) to (\$15.7 M) based on net customer rate discounts. Recommended 2026 customer rate

discounts are paid for using VCE's customer dividend funds and a portion of VCE's rate stabilization funds. Based on feedback from the Board during the discussion, Staff recommends continuing the current rate discounts, including a 5% rate credit for all customers and a 10% rate credit for CARE/FERA and Medical Baseline customers.

ANALYSIS

This report updates the financial information provided to the Board on November 13, 2025 and provides the basis for the budget Analysis in Section 2 below. The sections below provide updates on: (1) an overview of key factors influencing the operating budgets, and (2) an analysis of the recommended 2026 budget.

1. Proposed 2026 Customer Rates

As discussed at the November Board meeting, the CPUC is scheduled to adopt 2026 PG&E bundled rates at their December 2025 meeting. The updated analysis shown below is based on the best available information as of the writing of this report, with an effective rate change date of January 1, 2026, and following our current rate and reserve policies and financial objectives.

VCE Rate Policy (Update Approved November 10, 2021)

Cost-Based Rate Policy: VCE will set customer rates to collect sufficient revenue from participating customers to fully fund VCE's Budget and establish sufficient operating reserve funds. VCE's 2025 Target was set to fully fund 180 days of operating cash reserves and direct all additional cash reserves to rate stabilization incorporated into 2025 rate setting.

VCE's Reserve and Dividend Policy

- Operational Financial Reserve minimum of 120 days
- Operational Financial Reserve Target of 180
- Rate Stabilization Reserve minimum of 60 days

VCE, along with all other California CCAs, receives PG&E PCIA and generation rate modeling produced by financial analysts under contract with CalCCA. Based on the most recent PG&E filing and market price benchmarks for Resource Adequacy (RA) and Renewable Energy Credits (RECs) set by CPUC's energy division, PCIA is forecast to increase significantly in 2026, with an additional retroactive collection of 2025 PCIA due to revised market price benchmark calculation ordered by the CPUC. Note: CalCCA has filed a case with the California Court of Appeals challenging the CPUC's decision on the retroactive collection of 2025 PCIA fees.

2026 Customer Rates Drivers

Based on information from VCE and CalCCA's analysts on the proposed PG&E rates decision outlined above, VCE has incorporated the following assumptions in its updated financial forecasts for 2026 (assuming PG&E rates/PCIA are implemented on January 1, 2026):

- PCIA Costs: 201% increase over 2025 PCIA - Results in approximately \$15.5M decrease in revenue for 2026
- PG&E Bundled Generation rates (Generation): -31% decrease – Results in approximately \$23M lower revenue for 2026

Note: The VCE generation charges, plus PCIA and franchise fees, are approximately 40% of the average residential electricity bill. PG&E's Transmission, Distribution, and other charges account for the remaining 60% of the total electricity bill. The total charges to customers in 2026 may not decrease due to higher charges for transmission and distribution.

Rate Discounts/Revenue Investment

- Revenues can be “invested” in rate discounts, programs, increased procurement of clean energy resources (e.g. short-term RECs), or a combination of these and other elements.
- Every 1% discount results in approximately \$1.25/month reduction in the average residential customer bill and approximately \$3.25/month reduction in the average small commercial customer bill.
- Every 1% discount would be approximately \$500K in reduced net income available for cash reserves, rate stabilization, programs, and procurement of additional clean energy resources. Net Income allocations for reserves and programs are normally evaluated in May as part of VCE's audited financial results.
- If selected, rate discounts are best implemented during PG&E rate changes (e.g. January), to minimize billing efforts, risk of errors, and customer messaging.

Staff will continue to evaluate the balance among affordability, equity, and environmental impacts through the cost recovery rate-setting process. Incorporating this balance, Staff is recommending the following:

VCE 2026 Rates Recommendation (No change to current discounts)

1. Standard Green Rates (default rate): 5% Discount to PG&E's 2026 generation Rates
 - i. 10% Discount for CARE/FERA and Medical Baseline customers to PG&E's 2026 generation rates
2. Base Green Rate (Opt-down rate option): discount of 2.5% to PG&E 2026 generation rates

Fiscal Effects

The rates (and budget) approach outlined in this report allows VCE to offer more affordable customer rates and higher renewable content than PG&E while positioning itself to maintain its investment-grade credit rating, meet operational and rate stabilization minimum targets, execute VCE programs, and absorb the forecasted PCIA increases and power market volatility to achieve long-term rate stability.

Staff will continue to monitor financial operating results, including customer rate discounts as part of the 2025 net margin allocation in Q2 of 2026 as part of the Customer Program and Dividend Policy. If approved by the Board, these customer rates would maintain VCE's strategic financial objectives. As noted, VCE's longer-term outlook (2027+) indicates continued constraints due to both regulatory changes expected in Power Charge Indifference Adjustment (PCIA) calculations and a lower overall forward current price curve, driving higher PCIA rates.

2. Proposed 2026 Operating Budget

As noted in the November draft budget, reduced forward power market prices have been outpaced by significant decreases in net revenues due to 2026 PCIA rate increases. Based on

analysis by CalCCA, consultants, and Staff, VCE anticipates higher PCIA and lower PG&E generation rates. The net result is a forecasted net loss of \$15.8M for 2026 (Table 1 below).

Key Assumptions included in the 2026 Budget Summary (Table 1) and Multi-year forecast (Table 2):

- 2026 Customer Rates (VCE & PG&E Comparison) - VCE will set customer rates lower than costs, using rate customer dividends funds and a portion of rate stabilization funds to fully fund VCE's Budget and maintain the investment-grade credit rating.
- 2026 PCIA Forecast –The updated PCIA increased from ~.0101 KW/\$6.5M to .031KW/\$22M
- 2026 Customer Rates Forecast – The updated forecast for PG&E rates results in a projected 31% generation rate decrease (offset by non-VCE portions of the bill such as transmission and distribution charges).

Table 1 – 2026 Budget Summary

VALLEY CLEAN ENERGY 2026 BUDGET SUMMARY RECOMMENDED	APPROVED BUDGET 2025	ACTUAL YTD SEPT. (9 MO) + FORECAST (3 MO) 2025	RECOMMENDED BUDGET 2026
OPERATING REVENUE	\$ 101,200	\$ 86,950	\$ 45,274
OPERATING EXPENSES:			
Cost of Electricity	64,000	55,900	53,800
Contract Services	2,640	2,390	2,750
Outreach & Marketing	370	350	400
Programs	2,170	520	1,250
Staffing	2,100	1,850	2,180
General, Administration and other	1,560	990	1,890
TOTAL OPERATING EXPENSES	72,840	62,000	62,270
TOTAL OPERATING INCOME	28,360	24,950	(16,996)
NONOPERATING REVENUES (EXPENSES)			
Interest income	990	1,358	1,250
Interest expense			
TOTAL NONOPERATING REV/(EXPENSES)	990	1,358	1,250
NET MARGIN	\$ 29,350	\$ 26,308	\$ (15,746)
NET MARGIN %	29%	30%	-35%

Multi-Year Forecast

As shown in Table 2 below – Multi-Year Forecast, VCE's long-term renewable PPA contracts provide near/long-term financial cost stability, allowing it to maintain cash reserves and offer competitive customer rates, local programs, and additional progress towards long-term strategic and financial goals.

Table 2 – Multi-Year Forecast

Recommended 5% Standard /10% CARE/FERA Discount			Actual YTD Sept. (9 MO) + Forecast (3 MO)	Proposed Budget	Preliminary Forecast*		
	2023	2024	2025	2026	2027	2028	2029
Customer Revenue	95,430	97,979	88,050	45,274	68,250	66,350	66,890
Power Cost	68,528	64,723	55,302	53,800	54,380	56,800	58,500
Other Expenses	6,030	6,275	4,950	7,220	7,660	7,850	8,050
Net Income	20,872	26,981	27,798	(15,746)	6,210	1,700	340

* The preliminary forecast is based on analysis by CalCCA, MRW, and TEA and power cost forecasts.

Note: Forecasted financials are based on the most current available data and assumptions, as displayed in Table 2. These forecasts may rely on future rate adjustments, reserves, or both to maintain VCE's financial strength.

Additional Considerations

Other Operating Expenses – Budget Other operating expenses (not including power costs) are nearly flat compared to the 2025 budget, in line with CPI (CPI data is limited due to reporting delays) at ~3.5%. The majority of the cost increases are related to programs and special projects to support the execution of VCE's long-term Strategic Goals. The primary factors in increased costs in this category of expenses include:

- \$1.25M in customer programs related to Charge Your Ride, Panasonic, and other programs to be allocated to specific programs throughout the year.
- \$500K estimated IT enhancements for ERP and Programs support
- Additional costs related to the scheduled Marketing and Programs Plan Updates, including customer focus groups
- 3.5% annual salary/benefits, and contractor inflation rate based on the 2025 3.5% inflation rate.
- 5% administrative contingency rate for unanticipated expenses.

CONCLUSION

Consistent with the adopted Reserves, Rates, and Budget policy, Staff is recommending that VCE set rates and adopt a budget for 2026 at a level that will fully fund the 2026 budget using a portion of the rate stabilization fund, offer more affordable rates to VCE customers with additional financial relief to CARE/FERA and Medical Baseline customers, while maintaining VCE's A-investment grade credit rating. Staff will continue to review and report operating results and propose upward or downward adjustments as needed. The next scheduled comprehensive review of financial results is in Q2 of 2026, with the audited financial results for 2025.

ATTACHMENTS

1. 2026 Operational Budget
2. Resolution 2025-XXX

VALLEY CLEAN ENERGY - 2026 OPERATING BUDGET

Description	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	TOTAL
Total Revenues	\$ 3,232,000	\$ 2,745,000	\$ 2,604,000	\$ 2,592,000	\$ 3,002,000	\$ 5,487,000	\$ 6,562,000	\$ 6,140,000	\$ 5,082,000	\$ 3,222,000	\$ 2,889,000	\$ 2,967,000	\$ 46,524,000
Electric Revenue	\$ 3,120,000	\$ 2,633,000	\$ 2,492,000	\$ 2,480,000	\$ 2,890,000	\$ 5,375,000	\$ 6,460,000	\$ 6,038,000	\$ 4,980,000	\$ 3,120,000	\$ 2,787,000	\$ 2,875,000	\$ 45,250,000
Interest Revenues	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 90,000	\$ 1,250,000
Reimbursable Revenues	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 24,000
Purchased Power	\$ 3,703,000	\$ 3,595,000	\$ 3,618,000	\$ 3,415,000	\$ 3,814,000	\$ 5,312,000	\$ 6,176,000	\$ 6,154,000	\$ 5,362,000	\$ 4,760,000	\$ 3,770,000	\$ 4,121,000	\$ 53,800,000
Purchased Power Base	\$ 3,520,000	\$ 3,417,000	\$ 3,439,000	\$ 3,246,000	\$ 3,625,000	\$ 5,050,000	\$ 5,870,000	\$ 5,850,000	\$ 5,098,000	\$ 4,525,000	\$ 3,584,000	\$ 3,918,000	\$ 51,142,000
Purchased Power Contingency 5%	\$ 183,000	\$ 178,000	\$ 179,000	\$ 169,000	\$ 189,000	\$ 262,000	\$ 306,000	\$ 304,000	\$ 264,000	\$ 235,000	\$ 186,000	\$ 203,000	\$ 2,658,000
Labor & Benefits	\$ 179,000	\$ 179,000	\$ 179,000	\$ 179,000	\$ 179,000	\$ 179,000	\$ 184,000	\$ 184,000	\$ 184,000	\$ 184,000	\$ 184,000	\$ 186,000	\$ 2,180,000
Salaries & Wages	\$ 145,000	\$ 145,000	\$ 145,000	\$ 145,000	\$ 145,000	\$ 145,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 1,770,000
Benefits	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 20,000	\$ 218,000
Human Resources & Payroll	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 192,000
Office Supplies & Other Expenses	\$ 39,500	\$ 39,500	\$ 39,500	\$ 59,000	\$ 39,500	\$ 46,500	\$ 61,500	\$ 86,500	\$ 136,500	\$ 136,500	\$ 136,500	\$ 136,500	\$ 957,500
Technology Costs	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 10,000	\$ 25,000	\$ 50,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 500,000
Office Supplies	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 12,000
Travel	\$ 500	\$ 500	\$ 500	\$ 20,000	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 25,500
CalCCA Dues	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 192,000
CC Power	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 216,000
Memberships	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 12,000
Contractual Services	\$ 223,150	\$ 223,150	\$ 278,150	\$ 223,150	\$ 223,150	\$ 223,150	\$ 223,150	\$ 223,150	\$ 223,650	\$ 223,650	\$ 238,650	\$ 223,850	\$ 2,750,000
Other Contract Services (e.g. IRP Don Dame)	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,700	\$ 150,200
Wholesale Energy Services (TEA) 2030 100% Renewable & Storage	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 864,000
Customer Support Call Center	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 32,000
Energy Advisory Services	\$ 80,500	\$ 80,500	\$ 80,500	\$ 80,500	\$ 80,500	\$ 80,500	\$ 80,500	\$ 80,500	\$ 80,500	\$ 80,500	\$ 80,500	\$ 80,500	\$ 966,000
Operating Services	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 90,000
Commercial Legal Support	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 120,000
Legal General Counsel	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 24,000
Regulatory Counsel	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 84,000
Joint CCA Regulatory counsel	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 204,000
Legislative - (Lobbyist)	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 19,200
Accounting Services	\$ 5,750	\$ 5,750	\$ 5,750	\$ 5,750	\$ 5,750	\$ 5,750	\$ 5,750	\$ 5,750	\$ 5,750	\$ 5,750	\$ 5,750	\$ 5,750	\$ 69,000
Financial Consultant	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 3,600
Audit Fees	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 18,000
Marketing	\$ -	\$ -	\$ 55,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000	\$ -	\$ 70,000
Marketing Collateral	\$ 32,500	\$ 32,500	\$ 33,500	\$ 33,500	\$ 33,500	\$ 33,500	\$ 33,500	\$ 33,500	\$ 33,500	\$ 33,500	\$ 33,500	\$ 33,500	\$ 400,000
Community Engagement Activities & Sponsorships	\$ 26,000	\$ 26,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 322,000
Programs	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 78,000
Charge Your Ride	\$ 104,000	\$ 104,000	\$ 104,000	\$ 104,000	\$ 104,000	\$ 104,000	\$ 104,000	\$ 104,000	\$ 104,000	\$ 104,000	\$ 104,000	\$ 104,000	\$ 1,250,000
Panasonic	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 960,000
Other Programs	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 24,000
Rents & Leases	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 266,000
Hunt Boyer Mansion	\$ 4,350	\$ 4,350	\$ 4,350	\$ 4,350	\$ 4,350	\$ 4,350	\$ 4,350	\$ 4,350	\$ 4,350	\$ 4,350	\$ 4,350	\$ 4,350	\$ 52,200
Lease Improvement	\$ 2,350	\$ 2,350	\$ 2,350	\$ 2,350	\$ 2,350	\$ 2,350	\$ 2,350	\$ 2,350	\$ 2,350	\$ 2,350	\$ 2,350	\$ 2,350	\$ 28,200
Other A&G	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 24,000
Development - New Members	\$ 50,600	\$ 50,600	\$ 100,400	\$ 56,100	\$ 62,900	\$ 56,100	\$ 41,600	\$ 41,600	\$ 43,900	\$ 41,600	\$ 41,600	\$ 41,600	\$ 628,600
Strategic Plan Implementation	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,500	\$ 1,500	\$ 1,500	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 19,500
Community Focus Group	\$ 6,400	\$ 6,400	\$ 6,400	\$ 6,400	\$ 6,400	\$ 6,400	\$ 6,400	\$ 6,400	\$ 6,400	\$ 6,400	\$ 6,400	\$ 6,400	\$ 76,800
PG&E Data Fees	\$ 10,000	\$ 10,000	\$ 10,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,000
Insurance	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 300,000
Banking & Ratings Fees	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 96,000
Miscellaneous Operating Expenses	\$ 200	\$ 200	\$ 50,000	\$ 200	\$ 7,000	\$ 200	\$ 200	\$ 200	\$ 250	\$ 200	\$ 200	\$ 200	\$ 61,300
Contingency	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,100	\$ 12,100
TOTAL OPERATING EXPENSES	\$ 4,357,100	\$ 4,249,100	\$ 4,377,900	\$ 4,095,100	\$ 4,481,400	\$ 5,979,600	\$ 6,849,100	\$ 6,852,100	\$ 6,112,900	\$ 5,508,600	\$ 4,533,600	\$ 4,873,900	\$ 62,270,400
Interest on RCB Term loan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Expense - Bridge Loan \ Line of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET INCOME	\$ (1,125,100)	\$ (1,504,100)	\$ (1,773,900)	\$ (1,503,100)	\$ (1,479,400)	\$ (492,600)	\$ (287,100)	\$ (712,100)	\$ (1,030,900)	\$ (2,286,600)	\$ (1,644,600)	\$ (1,906,900)	\$ (15,746,400)

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2025-___

**A RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CLEAN ENERGY ALLIANCE
ADOPTING THE CUSTOMER RATES AND OPERATING BUDGET FOR YEAR 2026**

WHEREAS, the Valley Clean Energy Alliance (“VCE”) was formed as a community choice aggregation agency (“CCA”) on November 16, 2016, under the Joint Exercise of Power Act, California Government Code sections 6500 et seq., among the County of Yolo, and the Cities of Davis and Woodland, to reduce greenhouse gas emissions, provide electricity, carry out programs to reduce energy consumption, develop local jobs in renewable energy, and promote energy security and rate stability in all of the member jurisdictions. The City of Winters, located in Yolo County, was added as a member of VCE and a party to the JPA in December of 2019; and,

WHEREAS, beginning in 2020, VCE faced financial constraints associated with power market and regulatory volatility driven by forces outside VCE's direct control; and

WHEREAS, on November 10, 2021, the Board adopted a cost-based rate policy via Resolution 2021-023; and,

WHEREAS, to address volatility driven by forces outside of VCE’s direct control there is a need to adopt rates and operational budgets to cover actual cost and reserve requirements; and

WHEREAS, the VCE 2026 proposed Budget for the calendar year 2026 includes Operating Revenues totaling \$46.5 M and purchased power and other operating expenses totaling \$62.3M for a net loss of \$15.8M;

WHEREAS, proposed VCE 2026 customer rates include Standard Green Rates with a 5% discount to PG&E’s 2026 generation rates and an additional 5% discount (10% combined) to PG&E 2026 Rates for CARE/FERA and Medical Baseline customers, and VCE Base Green Rate 2.5% lower than PG&E 2025 generation rates.

NOW, THEREFORE, the Board of Directors of Valley Clean Energy Alliance hereby adopts the 2026 proposed Budget and Customer Rates for 2026.

PASSED, APPROVED AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the _____ day of _____ 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Bapu Vaitla, VCE Chair

Alisa M. Lembke, VCE Board Secretary

Attachment: 2026 Operating Budget