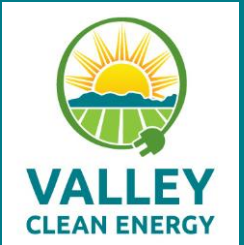




yvonnehunterphotography.com

VCE Community Advisory Committee Meeting – November 20, 2025

Item 6 – GHG Free Attributes (2026)



Public Comments

To Provide Public Comment on any agenda item please:

- E-mail 300 words or less to: meetings@valleycleanenergy.org

OR

Join the Public Comment Queue by

- “Raising Hand” on Zoom Meeting

OR

- Press *9 if joining by phone

Emailed comments received **before** the item has concluded will be read into the record.

Emailed comments received **after** the item has concluded but before the end of the meeting will not be read but will be included in the meeting record.

Item 6 – GHG Free Attributes (2026)

Agenda:

- Background and Site Locations
- Hydropower Reform
- VCE's Allocation History
- Benefits and Key Points
- Staff's Recommendation



Item 6 – GHG Free Attributes (2026)

Background Information:

In 2019, following discussions with CCAs, PG&E offered to allocate GHG-free resources to CCAs and other eligible LSEs.

GHG-free resources:

- 1) Large hydroelectric – 30 MW or more
- 2) Nuclear
 - Diablo Canyon

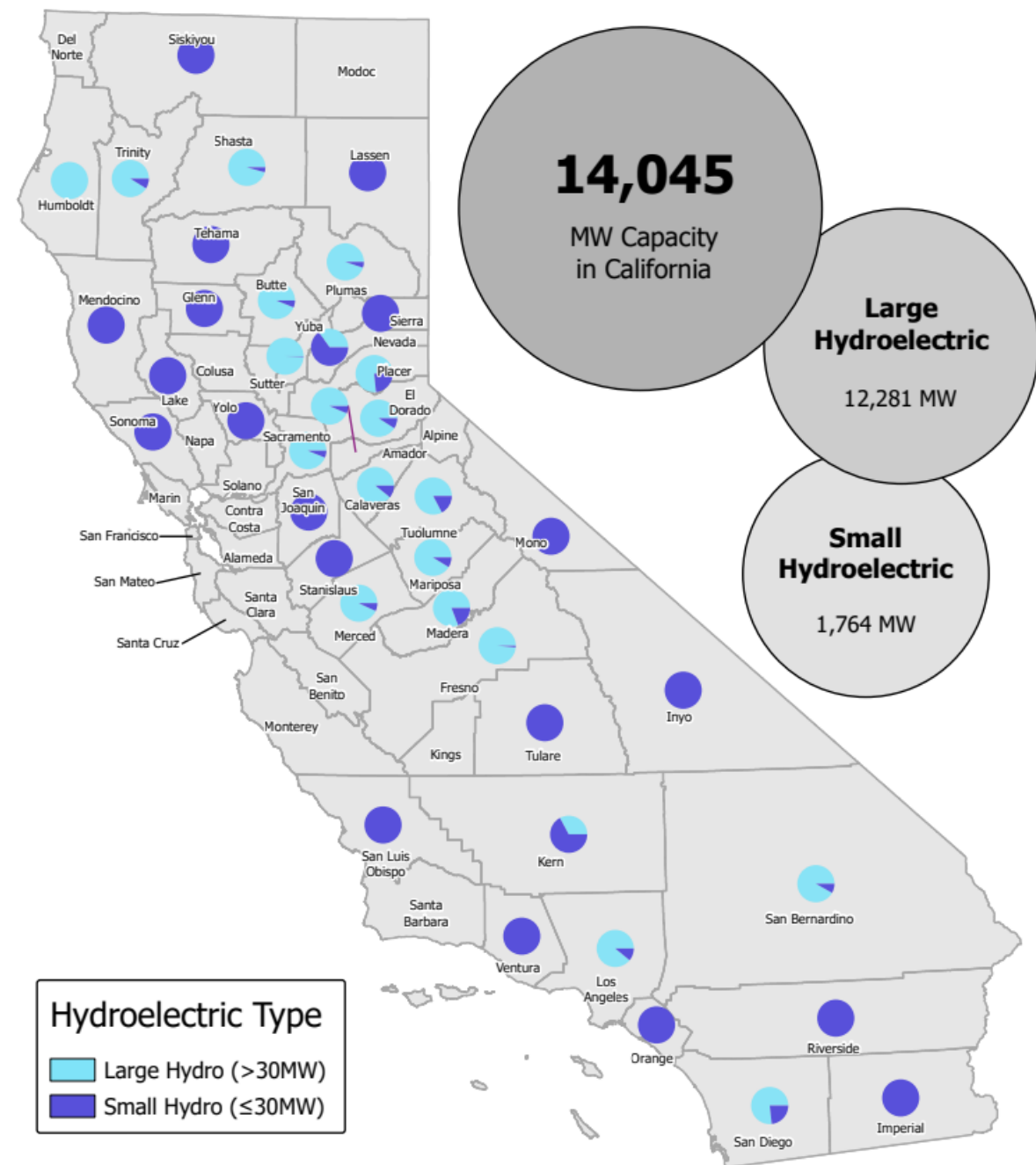


Item 6 – GHG Free Attributes (2026)

PG&E's Allocated Resources:

- 27 large hydro resources
- Located in Nevada, Amador, Shasta, Fresno, and Plumas County
- 2 top resources: North Fork Feather River in Plumas and Pit River in Shasta

Utility Hydroelectric Capacity by Size and County: 2023

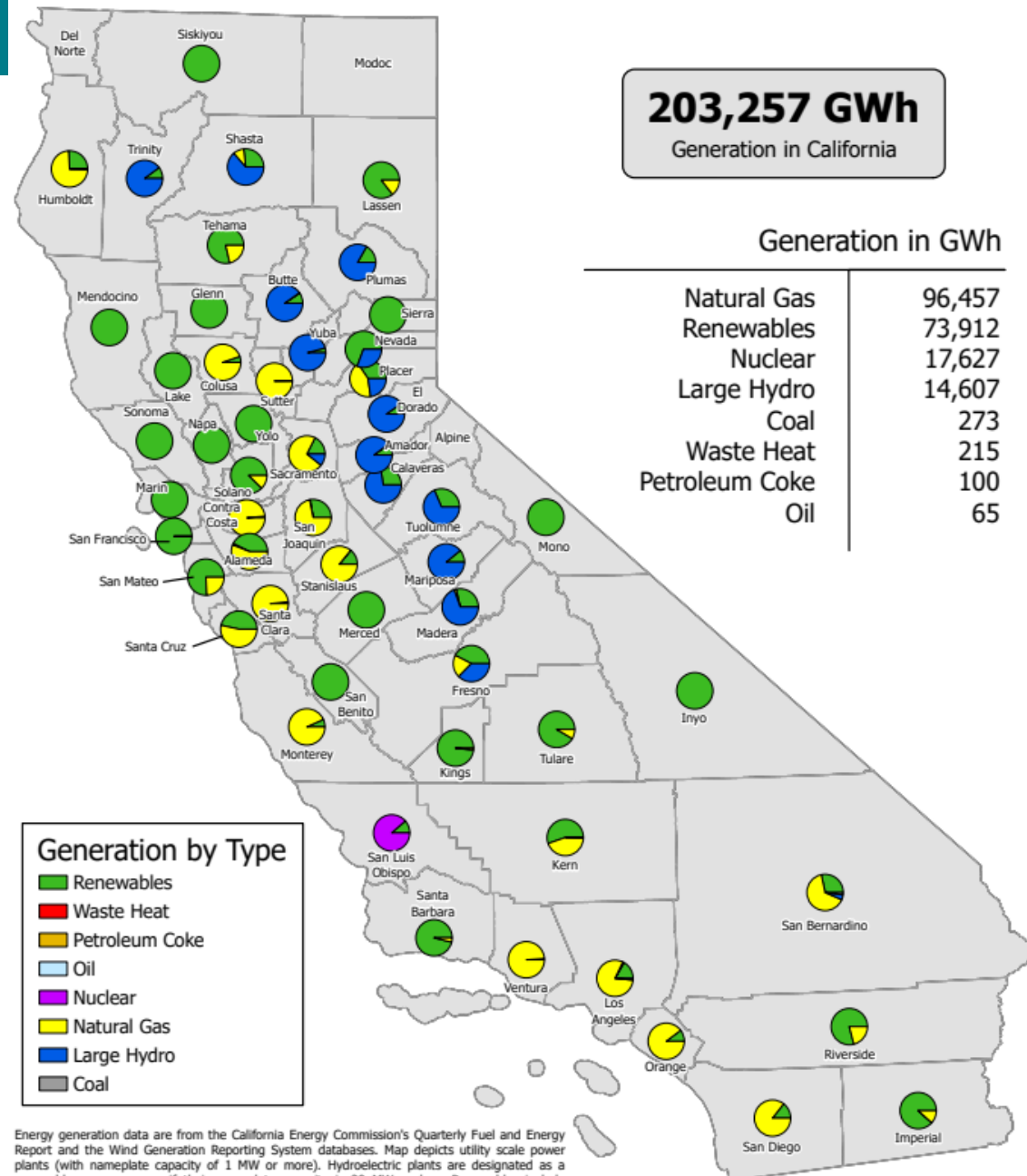


Item 6 – GHG Free Attributes (2026)

PG&E's Allocated Resources Continued:

- 1 nuclear resource
- Diablo Canyon near San Luis Obispo
- Obispo
- Over 2000 MW capacity
- 5 other nuclear power plants have been decommissioned over the last several decades

Total Generation by Type and County: 2022



Item 6 – GHG Free Attributes (2026)

Example of Hydropower Reform:

Pit River

- Largest River in Northeastern CA
- Heavily dammed for hydropower
- In the early 90's PG&E had few environmental requirements
- Starting in 2003, PG&E has minimum flow requirements, natural run requirements, and stewardship funding/management duties



Item 6 – GHG Free Attributes (2026)

Attribute Allocation:

- Allocation amount is the amount of GHG-Free Energy generated from the non-RPS-eligible resources at each LSE's allocation ratio
- Allocation ratio is the monthly % share allocated to each LSE using the LSE's load forecast for PCIA-paying customers responsible for the cost of the non-RPS-eligible resources and the total forecasted load for PCIA-paying customers responsible for the cost of the resources

Item 6 – GHG Free Attributes (2026)

VCE's Allocation History:

- 2020 – 24,000 MWh - First year of attributes
- 2021 – 37,382 MWh
- 2022 – 53,886 MWh
- 2023 – 83,073 MWh
- 2024 – 79,109 MWh
- 2025 – 64,065 MWh (Estimated)
- 2026 – Forecast available in December



Item 6 – GHG Free Attributes (2026)

Key Points:

- Free product: no additional cost to VCE (VCE customers already paying for it)
- Will increase VCE's carbon free position and improve our emissions rate
- VCE staff has the option of selling the large hydro allocations
 - Made \$250,000 in 2025
- Many CCAs – including MCE, SCP, PCE, Ava, DCE, Pioneer, RCEA, and SVCE – continue to accept the nuclear attributes
- Prior years nuclear was not allocated to LSEs for RA purposes. Now LSEs must take the nuclear RA allocations.

Item 6 – GHG Free Attributes (2026)

Staff Recommendation:

- Recommend the Board accept the 2026 allocation of large hydro GHG-free attributes and 2026 allocation of nuclear power GHG-free attributes;
- Recommend the Board allow the Executive Officer to enter into an agreement(s) with PG&E to accept the 2026 Large Hydro and Nuclear GHG-free allocations.





yvonnehunterphotography.com

VCE Community Advisory Committee Meeting – November 20, 2025

Item 7 – 2026 Preliminary Budget (Information)



To Provide Public Comment on any agenda item please:

- E-mail 300 words or less to: meetings@valleycleanenergy.org

OR

Join the Public Comment Queue by

- “Raising Hand” on Zoom Meeting

OR

- Press *9 if joining by phone

Emailed comments received **before** the item has concluded will be read into the record.

Emailed comments received **after** the item has concluded but before the end of the meeting will not be read but will be included in the meeting record.

Item 7 – 2026 Preliminary Budget

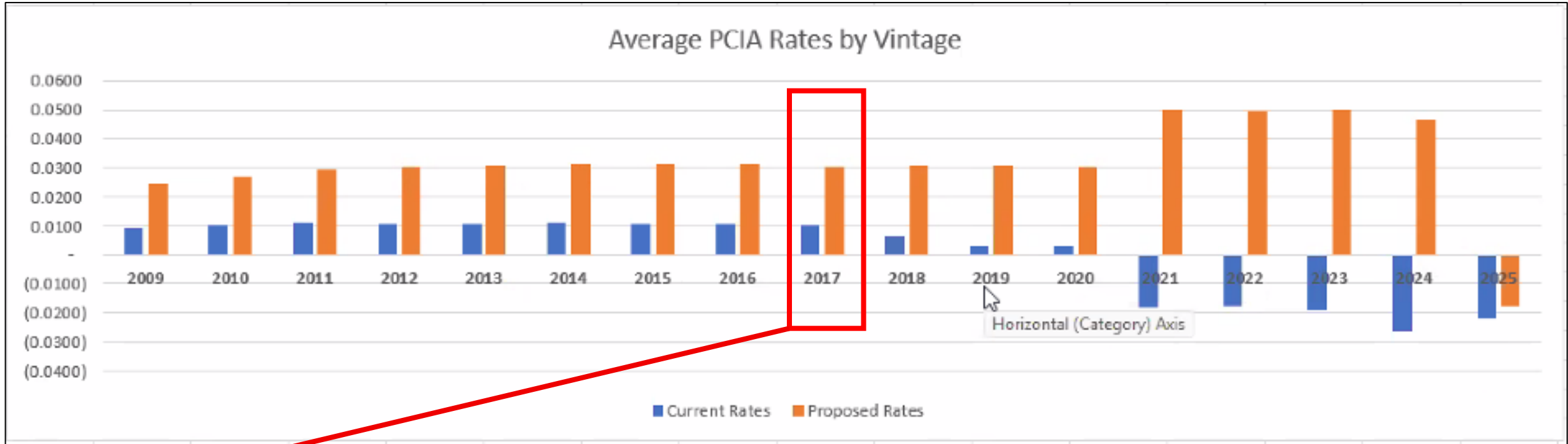
Overview

VCE's short-term (2026) outlook is predicted to use VCE's rate stabilization funds for the net losses from PCIA rate increases. VCE's longer-term outlook (2027+), indicates continued constraints due to both regulatory changes expected in Power Charge Indifference Adjustment (PCIA) calculations and lower overall forward current price curve driving higher PCIA rates.

This presentation will provide:

- 2026 Preliminary Customer Rates and Budget

Key Factors - Preliminary draft Budget



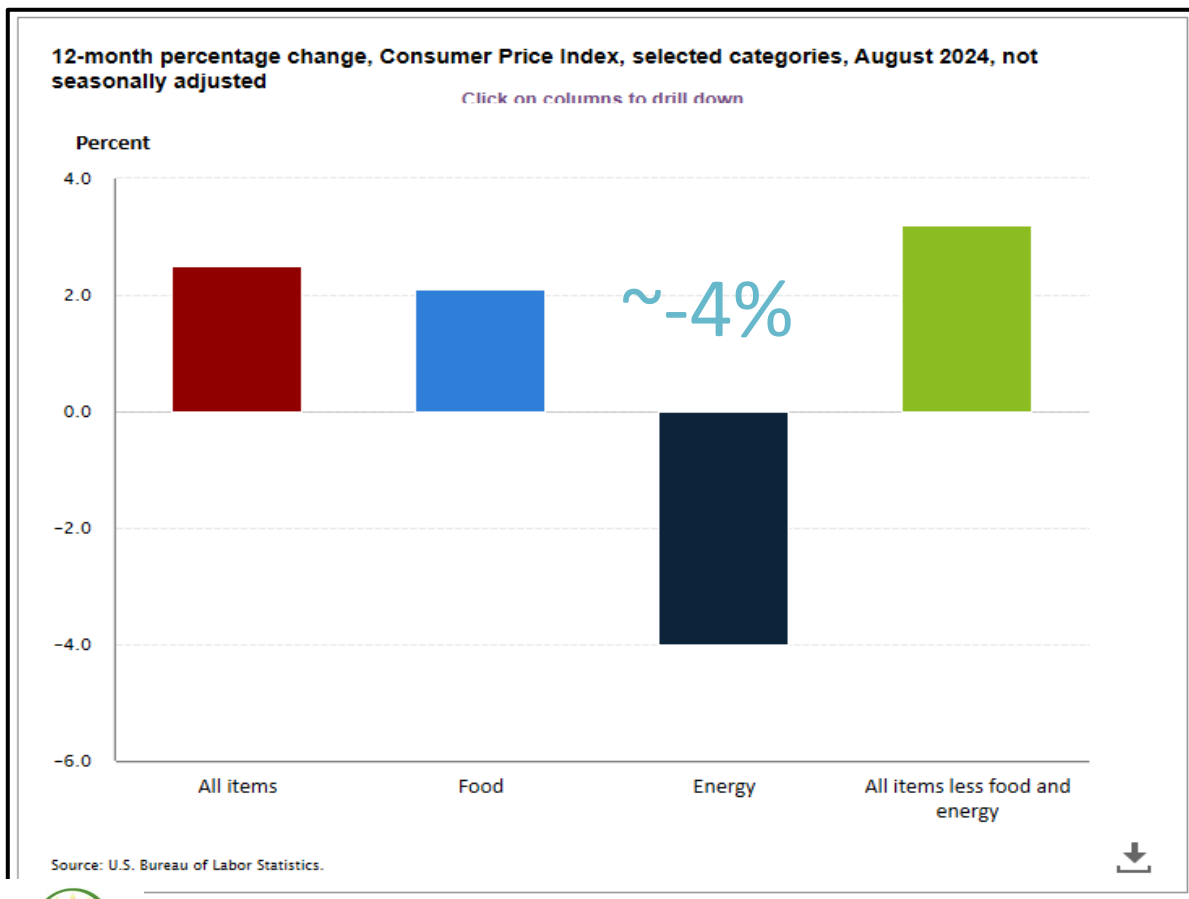
VCE PCIA

Due to regulatory changes and recent power market decreases, the forecasted increase in the PCIA for 2026 has resulted in a ~\$23M decrease in gross revenues to VCE. PCIA is outside of VCE's control and influence.

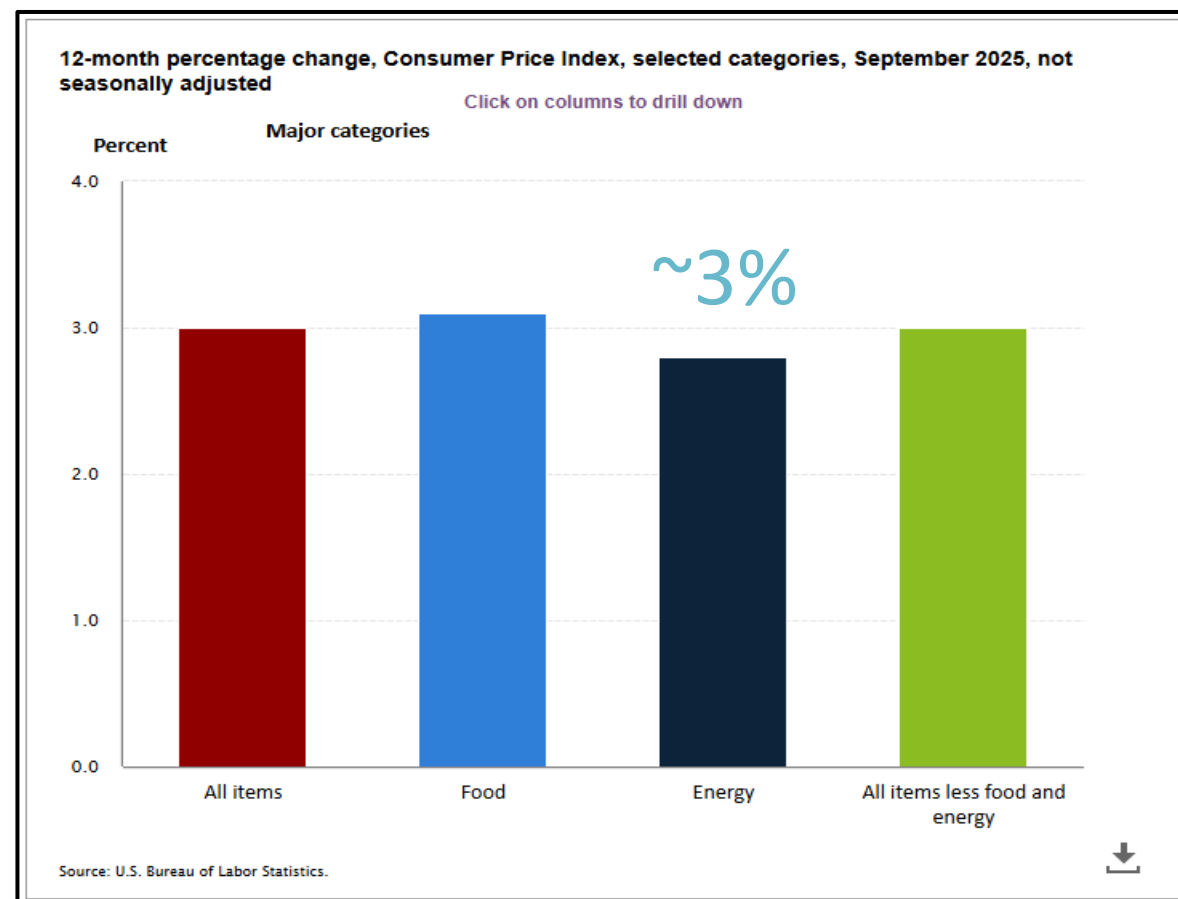
Item 7 – 2026 Preliminary Budget

Inflation costs drivers have become more stable

2024 CPI Trend (Prior Year)



2025 CPI Trend (Current Year)



VCE's Reserve and Dividend Policy

The Board adopted updated reserve policy and dividend program guidelines at the December 12, 2025 meeting.

The proposed draft policy modifications include:

1. An increased Operational Financial Reserve minimum from 30 days to 120 days ✓
2. An Increased Operational Financial Reserve Target of 180 from 90 days (this increase aligns with current minimums typically seen for CCA qualification for investment grade credit ratings) ✓
3. Addition of a Rate Stabilization Reserve minimum target of 60 days ✓
4. Increased the minimum net margin allocation of 75% from 50% towards financials reserves of net margin above > 5% ✓

Item 7 – 2026 Preliminary Budget

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 \$1.50/month reduction in the average residential customer bill and approximately \$3.75/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.

Item 7 – 2026 Preliminary Budget

2026 Draft Budget & Rate Scenarios

- Scenario 1: Continuation
 - 5% standard / 10% CARE/FERA/ Medical Baseline rate discounts to PG&E generation rate
 - approximately \$3.8M net revenue reduction
- Scenario 2: Slight Decrease
 - 2.5% standard / 5% CARE/FERA/Medical Baseline rate discounts to PG&E generation rate
 - Approximately \$1.9M net revenue reduction
- Scenario 3: Matching & CARE/FERA discount
 - Standard matching / 2.5% CARE/FERA/Medical Baseline discount to PG&E generation rate
 - approximately \$750K net revenue reduction

Item 7 – 2026 Preliminary Budget

Table 5 – Budget Scenario Comparison

Scenario 1 5% Standard /10% CARE/FERA Discount	Actual YTD August 31 (8 MO) + Forecast (4 MO)		Proposed Budget	Preliminary Forecast*			
	2023	2024		2025	2026	2027	2028
Customer Revenue	95,430	97,979	88,670	45,010	68,100	66,180	63,750
Power Cost	68,528	64,723	57,100	53,550	54,380	58,380	60,200
Other Expenses	6,030	6,275	4,950	7,120	7,660	7,850	8,050
Net Income	20,872	26,981	26,620	(15,660)	6,060	(50)	(4,500)
Scenario 2 2.5% Standard /5% CARE/FERA Discount	2023	2024	2025	2026	2027	2028	2029
Revenue	95,430	97,979	88,670	46,910	70,270	68,470	66,150
Power Cost	68,528	64,723	57,100	53,550	54,380	58,380	60,200
Other Expenses	6,030	6,275	4,950	7,120	7,660	7,850	8,050
Net Income	20,872	26,981	26,620	(13,760)	8,230	2,240	(2,100)
Scenario 3 Standard Matching / 5% CARE/FERA Discount	2023	2024	2025	2026	2027	2028	2029
Revenue	95,430	97,979	88,670	48,810	72,430	70,490	67,950
Power Cost	68,528	64,723	57,100	53,550	54,380	58,380	60,200
Other Expenses	6,030	6,275	4,950	7,120	7,660	7,850	8,050
Net Income	20,872	26,981	26,620	(11,860)	10,390	4,260	(300)

* Revenues are highly subject to PG&E filings that impact generation rates and PCIA.



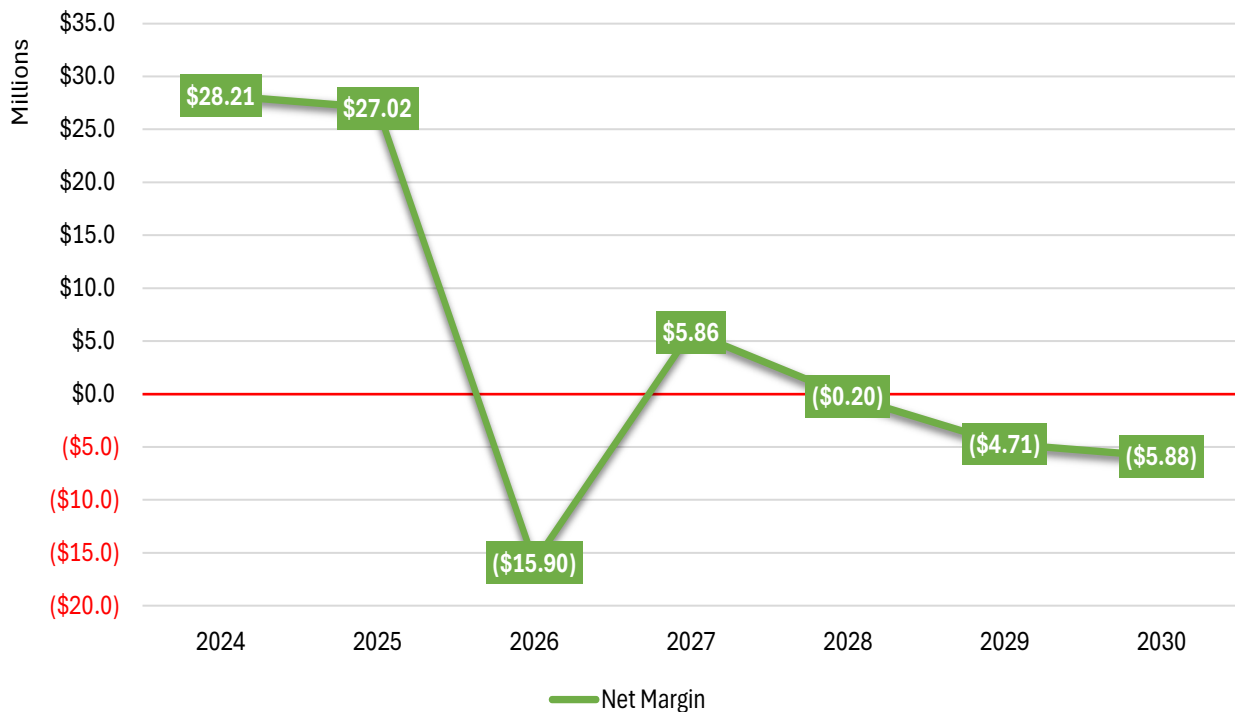
* Revenues are highly subject to VCE seasonal load variation and PG&E filings that impact generation rates and PCIA. Generation rate changes (1% change approximately \$1M Net Annual Impact to VCE)

Item 7 – 2026 Preliminary Budget

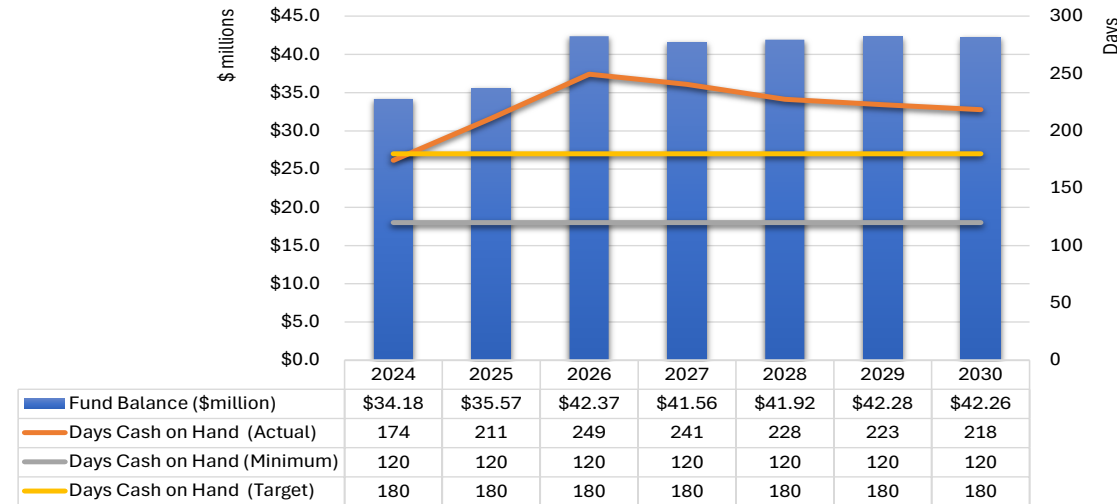
Scenario 1: Continuation

- 5% standard / 10% CARE/FERA/ Medical Baseline rate discounts to PG&E generation rate
- approximately \$3.8M net revenue reduction

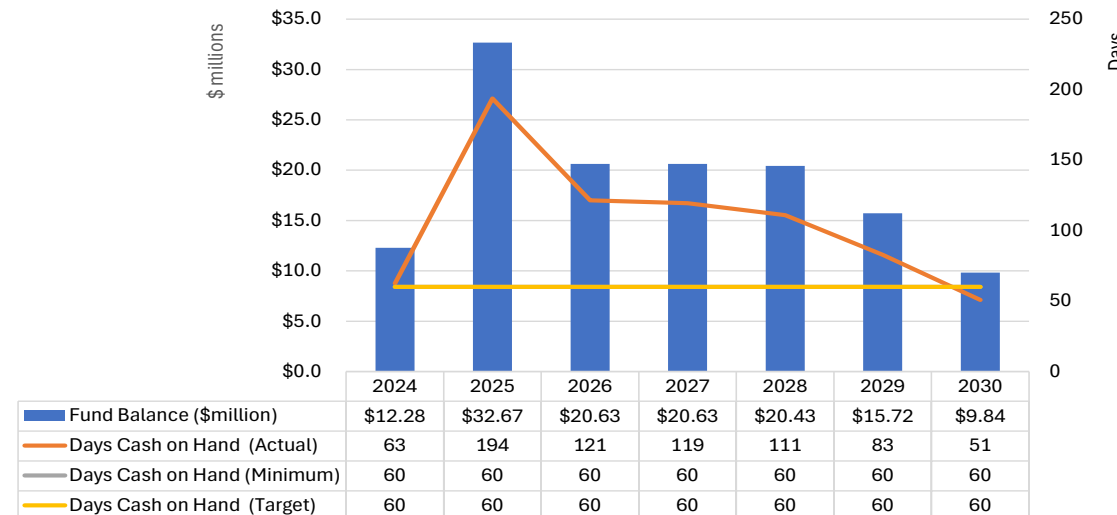
Annual Net Margin



Operating Reserve Fund Balance



Rate Stabilization Reserve Fund Balance



Next Steps

2026 Budget Adoption

- ✓ November 2025 – Preliminary 2026 Customer Rate & Budget Forecasts
 - December 2025 – Recommended 2026 VCE Customer Rates and Budget for Adoption

2026 Budget Monitoring

- 2025 Financial Audit – January 2025 – April 2025
- 2025 Net Margin Allocation – May 2025
 - Allocation of audited Net Margin to Reserves, Customer Programs, and Dividends
- 2026 Mid-Year Update
 - Review of 2026 Pro-forma Financial Results
 - Review of any proposed Customer Rate Adjustments

Item 7 – 2026 Preliminary Budget

Summary

The preliminary 2026 operating budget scenarios meet VCE's current and anticipated fiscal policy updates while providing funds for rate relief and/or other customer focused investments (e.g. programs, additional clean energy procurement). Based on the Board's feedback and direction, staff will return in December 2025 with the proposed 2026 Operating Budget/customer rates recommendation and scenario 1 (Staff Recommendation).