

Policy Title	Budget Policy		
Policy Number	2026-20	Effective Date	Original: 06/04/2026

1. Purpose

CPA's annual, board approved budgets sustain Clean Power Alliance of Southern California's ("CPA") operations and advance its mission and strategic goals. This Budget Policy ("Policy") establishes guidelines for the approval, administration, amendment, and reporting of annual, board approved budgets at CPA.

2. Two-year Budget Cycle

Beginning in June 2026, and every two years thereafter, staff shall present to the Board two consecutive fiscal year budgets simultaneously for approval.

3. Operating Expense Budget Transfers

A. The Board of Directors ("Board") delegates to the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") the authority to review and jointly approve of transfers between operating expense¹ ("OpEx") budget line items, as specified herein:

1. Transfer budgeted line item amounts between fiscal years within the two-year cycle ("Inter-Year Transfers").
2. Transfers of budget line item amounts between OpEx lines within a fiscal year ("Inter-Line Transfers").

Inter-Year Transfers and Inter-Line Transfers are collectively referred to as "Transfer(s)."

B. Any Transfers specified in 3.A, above, must comply with all of the following conditions:

1. Maximum Fiscal Year Inter-Line Transfer

- a. Aggregate per line item Inter-Line Transfers within a fiscal year shall be limited to the greater of \$250,000 or 10%.

2. Limits on Customer Programs Budget

- a. Transfers from the Customer Programs budget shall only (i) reduce funds otherwise available for program implementation and (ii) fund expenses that benefit or advance a Customer Program.

¹ Operating Expenses ("OpEx") refers to non-energy expenditures - consisting of staffing, goods, and services - that support CPA's business operations.

3. Limits on Staffing Budget

- a. Staffing budget line item shall not be increased by Transfers
- b. Staffing budget line item may be reduced through Inter-Year or Inter-Line Transfers.

4. Inter-Year Transfers

- a. Any Inter-Year Transfer shall be supported by a corresponding reduction in that Fiscal Year's budget.

C. Any Transfers that do not comply with Sections 3.B.1-4, above, shall be brought to the Board for approval.

5. **Budget Amendments**

Budget amendments must be approved by the Board of Directors² following review by the Finance Committee.

6. **Reporting**

The CFO shall report to the Board the following:

- A. Monthly: Budget to Actual reporting in the Financial Dashboard; and,
- B. Quarterly: Fiscal year to date Budget to Actual reporting including a report of any Transfers.

7. **Delegation of Authority**

The Board further delegates to both the CEO and CFO the authority to administer this Policy, including but not limited to the Transfers described in Section 3. In the event of a Vacancy, as defined herein, the CEO or CFO may appoint a designee to act on their behalf or if no designee is selected, either the CEO or CFO may act independently until such time as the Vacancy no longer exists. A "Vacancy" includes paid time off, termination of employment, or a leave authorized under CPA's Employee Handbook.

8. **Periodic Review of Policy**

The CFO shall review this Policy on an annual basis to determine if amendments or other changes are needed to address changing business conditions, changes in law or regulation, or other similar events. Amendments to this Policy shall be approved by the Board of Directors following review by the Finance Committee.

² Per section 7.3.1 of the Joint Powers Agreement.