



# Prepays

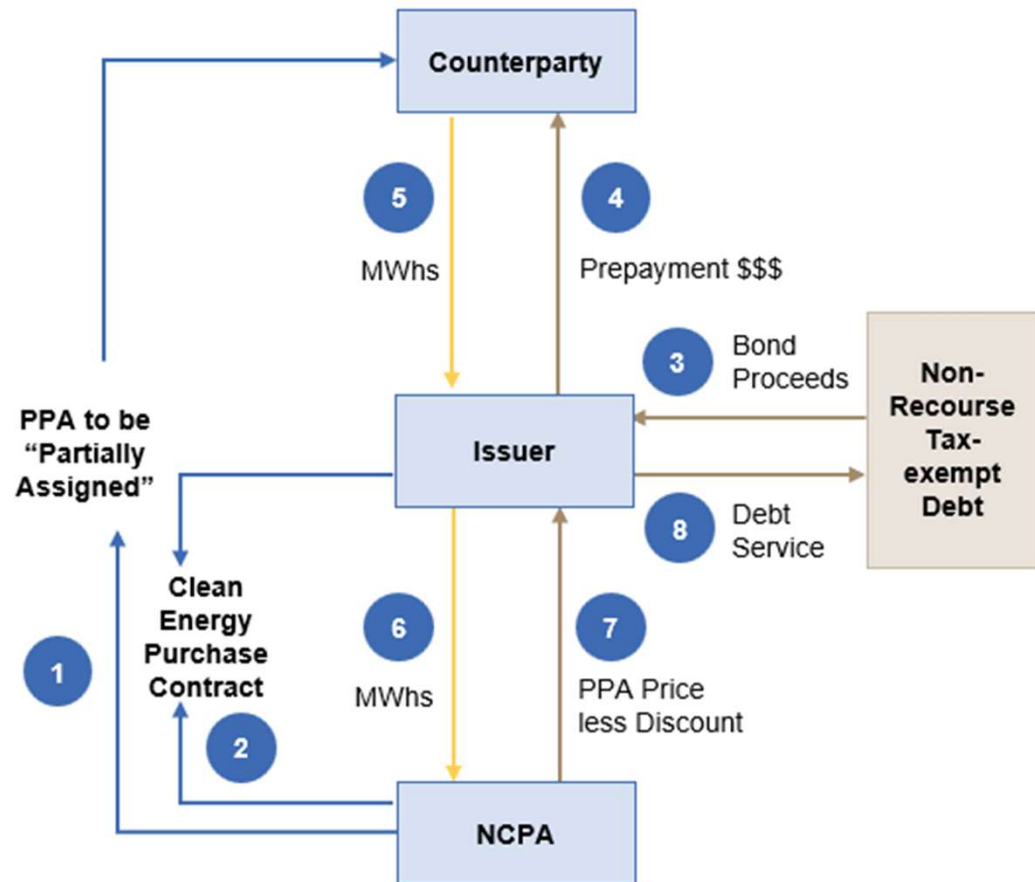
Monty Hanks  
December 2025

# Prepayment Transaction Overview

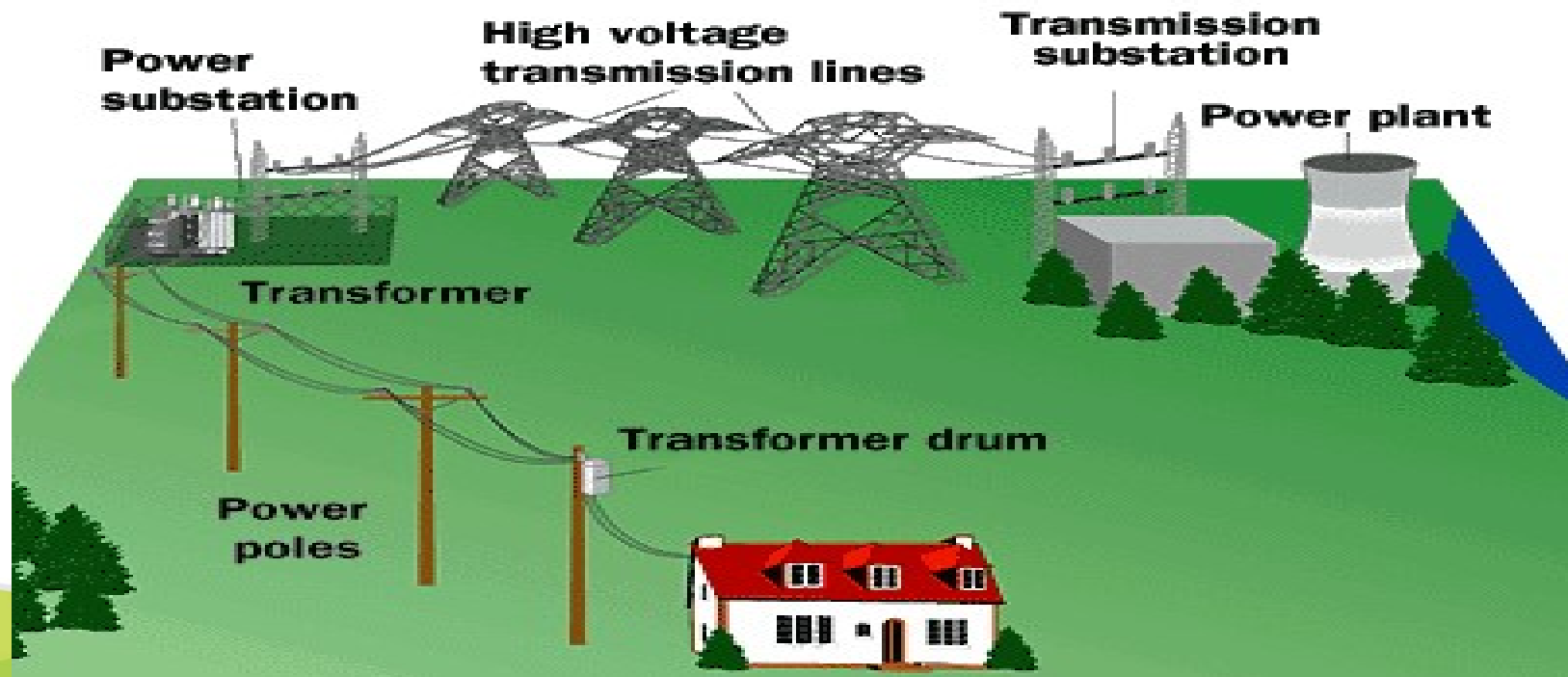
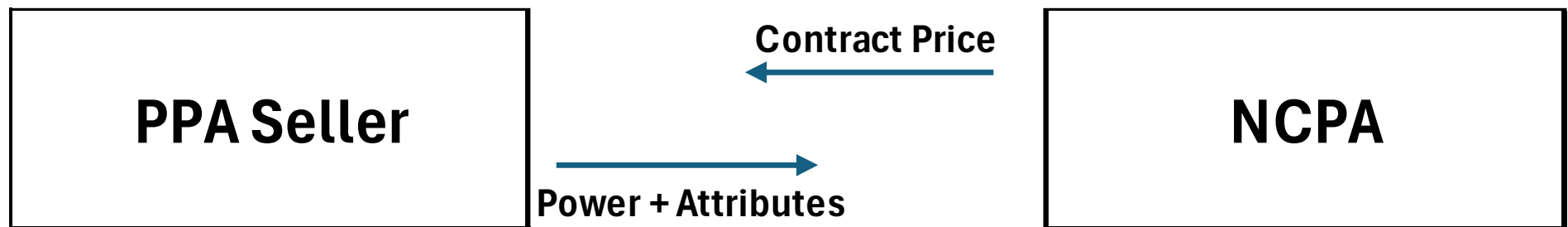
- **Goal** – Reduce cost of power purchases by 5% - 10%
- **How** – Leverage the use of non-recourse, tax-exempt bonding capacity to secure long-term supply
- **Background**
  - Codified in the U.S. tax law
  - Used since the 1990s largely for natural gas transactions, but now utilities (including CCAs) have completed several prepayment transactions
- **CEC Regulatory Advisory (December 2024)**
  - Prepayment Transactions Under the Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities [https://www.energy.ca.gov/sites/default/files/2024-12/Regulatory\\_Advisories\\_Dec\\_2024\\_ada.pdf](https://www.energy.ca.gov/sites/default/files/2024-12/Regulatory_Advisories_Dec_2024_ada.pdf)

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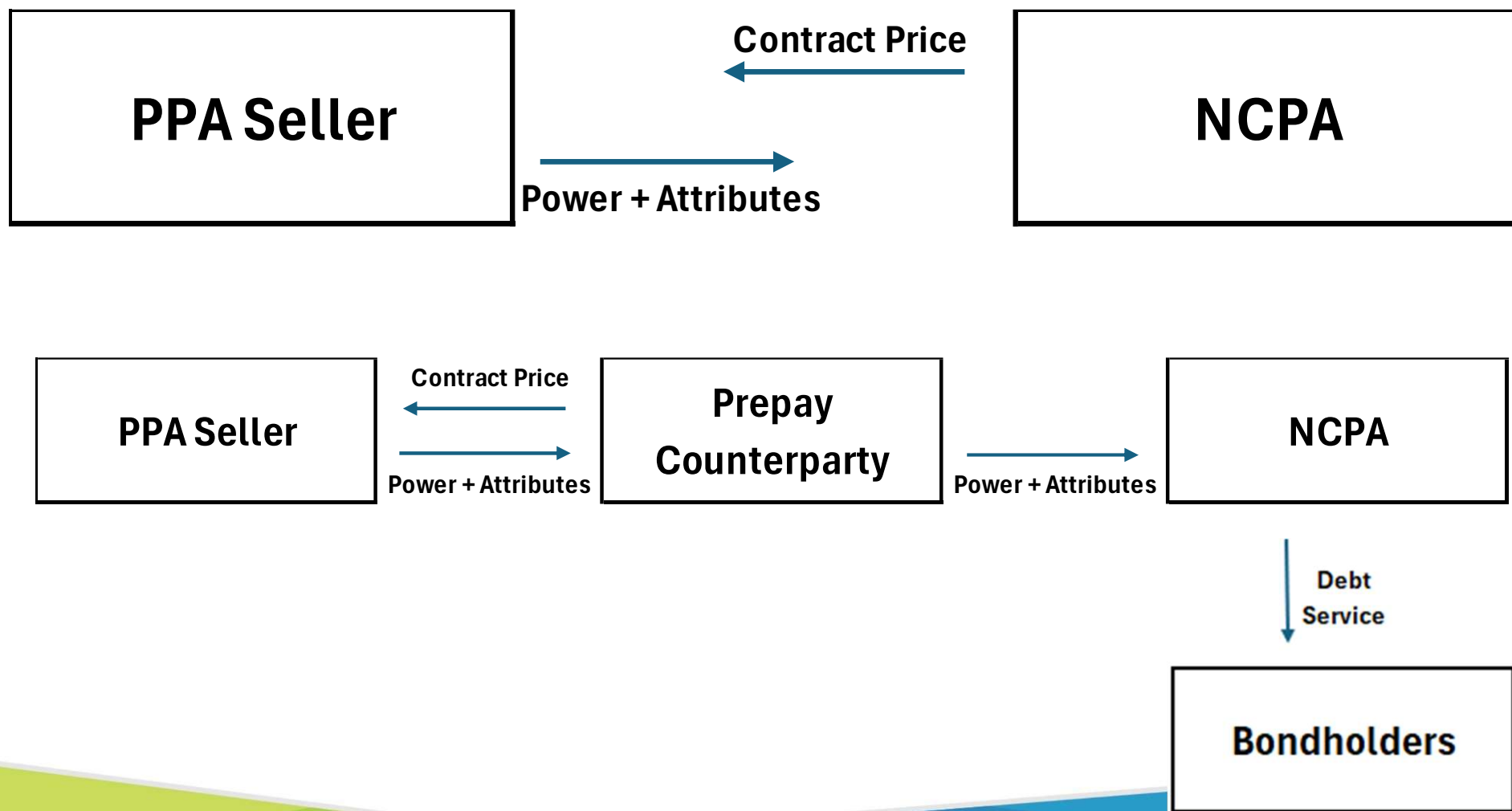
- 1) NCPA partially assigns PPA to Counterparty
- 2) NCPA and Issuer execute a Clean Energy Purchase Contract
- 3) The Issuer issues non-recourse tax-exempt bonds
- 4) The Issuer makes a prepayment to the Counterparty for power supply
- 5) The Counterparty delivers power to Issuer via a Master Power Supply Agreement
- 6) Issuer delivers power to NCPA
- 7) NCPA makes payments to the Issuer net of savings
- 8) Issuer makes debt payments with payments from NCPA



# Prepayment Transaction Overview



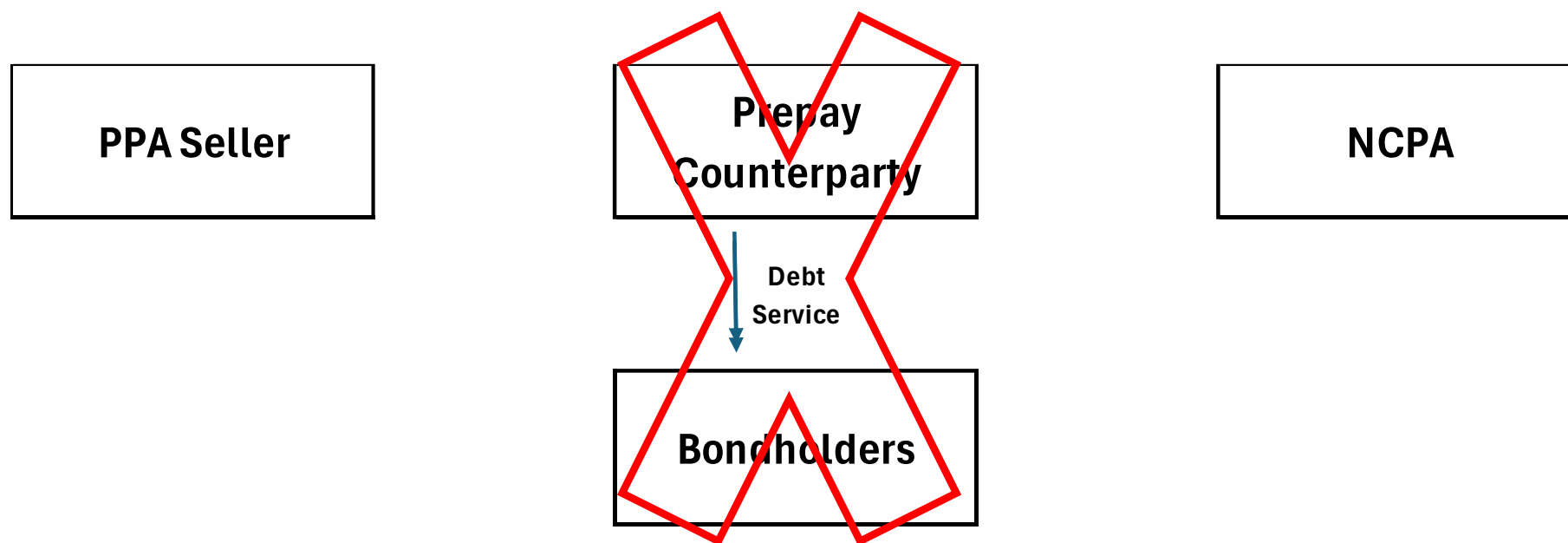
# Prepayment Transaction Overview



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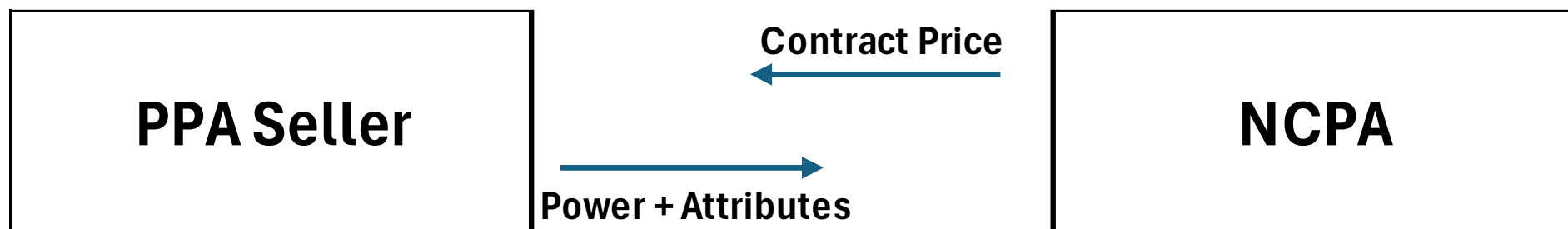


# Prepayment Transaction Overview



**Non-recourse Bonds**

# Prepayment Transaction Overview





# California Prepayment Activity

## California Public Power Prepays Executed

Participant	Date	Size (\$mm)
Modesto Irrigation Dist.	Feb. 2025	\$865.8
Turlock Irrigation Dist.	Jan. 2025	984.1
Anaheim Public Utilities	May 2024	592.3
SMUD (Refunding)	Apr. 2024	689.7
SMUD	Dec. 2018	539.6
LADWP (Milford II)	Aug. 2011	157.5
LADWP (Windy Flats)	Sep. 2010	514.2
LADWP (Milford I)	Feb. 2010	237.2



Energy Prepay  
Transactions

## California Public Power In Execution

Burbank Water & Power
Pasadena Water & Power
Vernon Public Utilities
Colton Water & Power
LADWP



All Energy Prepay  
Transactions

## NCPA Member Prepay Opportunities

- Prepay deals in California have been able to consistently achieve greater than an 8% discount off the PPA prices
  
- Geysers Power Company PPA
  - Estimated Savings
    - ~9% or \$6m/year or \$62 million over the term
  
- Trolley Pass PPA
  - Estimated Savings
    - ~9% or \$9.6m/year or \$192 million over the term

# Questions