



Central Coast
**Community
Energy**

CLEAN ENERGY. LOCAL CONTROL.

Operating Budget Fiscal Year 2021-22



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CEO'S MESSAGE



FY 2020-21 Was a Year of Crisis and Accomplishments

FY 2020-2021 was a year of crisis and opportunities. The year started with the nation tightly gripped by a deadly pandemic, a discussion of race and equity in America, a consequential presidential election season, and our local economies suffering the effects of COVID-19.

However, everything is cyclical, and opportunities and crisis have long been inseparable travelling companions. The pandemic demonstrated the potential for reduced greenhouse gas emissions in the transportation sectors when lockdowns led to less travel.

The United States has rejoined the many nations committed to the Paris Climate Agreement and the Biden administration has provided massive investments in transmission and renewable resources as well as support for necessary systems upgrades to combat global warming.

The State of California, as customary, was out in front leading the rest of the nation in legislating mandates for renewable resources and defining the speed by which we will reach 100% carbon-free status. At the same time, California also provided supplemental funding to forgive customer utility debts due to the extreme economic impacts of COVID-19.

CCCE, like many organizations, adjusted to working remotely but remained steadfast in its mission. Despite the upheaval of COVID-19, CCCE enrolled 100,000 new customers in nine new jurisdictions, contracted for five new renewable projects, successfully launched six impactful energy programs, established two new joint power authorities in support of CCA's missions, moved forward with negotiating four local renewable projects, successfully recruited, and added many new staff members, and developed a new rate design to ensure CCCE would recover its cost to serve customers.

As we emerge from the pandemic, we look out on a landscape firmly focused on slowing the rate of climate change and ensuring that those impacted by the pandemic have a path to recovery.

The Challenges Facing the Industry

All seem to agree that reducing fossil fuel consumption is key to slowing global warming. The approach to decarbonization of the electric grid has distilled to two camps. First, industry professionals, renewable developers, national policy makers and labor groups support adding large-scale renewable generation where space, sun and wind are plentiful, and investment in upgraded transmission lines to get power to cities and consumption centers. Another camp comprised of retail solar developers and homeowners argues that distributed generation and the eventual elimination of the grid is the more appropriate path toward reliability and meeting customer demand.

CEO Message

CCCE understands the choice before us is not binary. Instead, **our action must focus on solutions that will achieve the highest reduction of greenhouse gas emissions at the lowest cost and fastest pace for the greatest number of customers.** To achieve this goal, CCCE:

- Promotes construction of, and contracts for lowest cost renewable resources that provide the greatest benefit to the greatest number of customers.
- Supports Federal funding and planning for improved transmission lines to connect renewable resources located in the Western states to California.
- Invests in the construction of local distributed storage systems to be located near critical loads to provide the resiliency that is essential for critical infrastructure such as hospitals, fire, and police stations as well as essential functions like grocery stores.
- Supports individual customers' desire to build their independent generation system behind the meter provided that their action doesn't negatively impact other CCCE customers.

The Challenges Facing CCAs

The legislation that allowed for the formation of CCAs also enacted several obstacles that seem, at times, insurmountable. That legislation gave the IOUs the right to recover the above market cost of their resources from departed customers, effectively allowing the IOUs to operate risk free and saddling our customers with over \$100 million in exit fees during FY2020-21. In addition, CCAs are the only retail generation provider that has no guarantee of cost recovery, meaning that CCCE is exposed to the cost to serve those customers who may opt to return to IOU service. These realities came home in 2021 when one CCA declared bankruptcy. In addition to the added scrutiny regarding CCA viability, the California Public Utility Commission (the "Commission") is slowly and very effectively sapping away CCA boards' ability to self-procure resources and set retail rates – ordering CCAs to procure specific resources or to receive an allocation of the IOU procurement costs and penalties. To address this existential threat, CCCE will:

- Manage the risk of power supply costs by balancing long-term commitment of fixed price contracts with short-term hedged acquisitions, avoiding over-committing to long-term acquisitions to ensure that we are prepared for potential opt outs and departing load to Direct Access providers.
- Design retail rates to recover our costs of operation, while ensuring that we are the most competitive supplier for the Central Coast community, especially for price-sensitive customers.
- Maintain CCCE's favorable credit rating and long-term financial stability by ensuring that operating revenues are sufficient to cover operating expenses.
- Work cooperatively with the Commission to find solutions for CCCE's customers while ensuring that their rulings are favorable, or at least, neutral to our community, even if that requires CCCE to challenge and potentially litigate Commission decisions. CCCE will also work with CalCCA to pivot the Commission's bias from the bundled customers of the IOUs to all customers.

CEO Message

The Challenges Facing Central Coast Community Energy

CCCE customer base is diverse. While greater diversity provides for greater financial stability, it could also cause conflicting and, at times, unrealistic expectations. In addition, CCCE's governance structure is unique among businesses, private or community based alike. While a relatively narrow section of CCCE's customer base regularly engages at CCCE meetings, our Board members are in the best position to understand how CCCE policy proposals impact the entirety of their local communities and constituencies. The fact that some seats rotate does require staff to engage regularly around continued education of issues to avoid slowing the decision-making process. To address these concerns, CCCE will:

- Work to ensure that our entire community is engaged and has meaningful access to CCCE's Boards and programs.
- Develop and implement robust CCCE policies and direction that represent the needs of all customers. Actively seek input from the underserved and agriculture communities as well as all member agencies.
- Standardize the process of on-boarding new Board and CAC members, continue to encourage Limited Member participation, and provide monthly updates to the Boards.

In Conclusion

The scope and urgency of the challenges facing our climate, our industry, and CCCE are significant but not insurmountable. The proposed Operating Budget looks to leverage the opportunities before us by continuing CCCE's investment in renewable resources while supporting distributed energy storage projects throughout our service area. It furthers CCCE's commitment to greenhouse gas emission reductions and stimulating the local economy through meaningful electrification programs and prepares CCCE for a changing regulatory landscape and evolving grid.



Tom Habashi, Chief Executive Officer



FY 2020-21 Key Accomplishments

Fiscal Stability

- Obtained “A” credit rating and stable outlook from Standard and Poor’s Global Ratings in October, 2020
- Established, in collaboration with MCE, Silicon Valley Clean Energy, and East Bay Community Energy, the California Community Choice Financing Authority enabling utilization of tax-free bond financing opportunities to pre-pay long term power purchase agreements
- Established a strong net position balance of \$180.9 million as of June 30, 2021
- Expect to reach a balance of \$124.3 million in the Rate Stabilization Reserves and \$25 million in the Uninterruptible Power Supply Fund, totaling \$149.3 million or 56% of operating expenses by September 30, 2021
- Secured high return on investment (ROI); projected at more than \$4.4 million by September 30, 2021

Reduction of Greenhouse Gas (GHG) Emissions

- Added five new long-term renewable agreements, bringing our total PPA portfolio to twelve contracts totaling 889 MW of renewable energy plus 201 MW of new energy storage. These contracts will generate enough power to meet over 60% of CCCE’s retail demand in 2025
- Receiving resource adequacy allocation from a new 60 MW Energy Storage System located in southern Monterey County, the first of 13 power supply commitments that CCCE entered during the past 18 months
- Worked collaboratively with several CCA partners to create California Community Power, a joint powers authority designed to leverage the CCA purchasing power for longer duration energy storage
- Issued a solicitation to procure locally sited renewable energy and energy storage. Currently negotiating agreements that will add 100 MW of new local renewable energy and over 110 MW of new local energy storage

Affordable Rates and Customer Participation

- Supplied electric generating service at 2% discount of PG&E rates
- Maintained enrollment rates at 94% of eligible customers or 395,000 customers
- Increased outreach and awareness for payment assistance programs like CARE/FERA
- Participated in the Arrearage Management Plan, providing debt relief for customers impacted by COVID-19
- Assisted local Emergency Rental Assistance Program administrators to provide customer relief from utility costs
- Lobbied State lawmakers to include CCAs as direct recipients of California’s Alternative Payment Program for customers impacted by COVID-19

FY 2020-21 Key Accomplishments (Cont'd)

Energy Programs

- Provided \$125,000 in incentives for homeowners impacted by the CZU Lightning Complex and River Fires to rebuild their homes as all-electric
- Reserved \$2.08 million incentivizing the construction of 700 affordable housing and 180 market-rate all-electric housing units
- Provided \$400,000 in Ag Electrification incentives to facilitate electrification of agricultural operations throughout CCCE's service area
- Reserved \$285,000 in Community Electrification and Education grants to promote and enhance partnerships with organizations in CCCE's service area, to raise awareness about electrification, and to train the local workforce
- Provided a total of \$850,000 to incentivize the purchase or lease of new and used electric vehicles (EV) as well as the purchase and installation of EV charging equipment including associated electrical work
- Launched the South Coast CALeVIP program in coordination with the California Energy Commission and other funding partners to invest over \$12 million to incentivize publicly accessible EV charging equipment in the San Luis Obispo and Santa Barbara portions of CCCE's service area
- Obtained a \$200,000 grant from the California Energy Commission to study medium and heavy-duty fleet electrification
- Reserved \$2.2 million for public schools in CCCE's service area to purchase all-electric school buses
- Established a \$200,000 Summer Readiness Program to reduce load during periods of grid strain

Communication & Outreach

- Successfully enrolled the Cities of Arroyo Grande, Del Rey Oaks, Grover Beach, Guadalupe, Paso Robles, Pismo Beach, Santa Maria, Solvang, and northern portion of unincorporated Santa Barbara County
- Expanded the Farmworker Outreach program into San Luis Obispo and Santa Barbara counties
- Continued virtual member agency updates for all 33 member agencies
- Developed a Small and Local Vendor Registration tool to increase contracting opportunities for local and diverse businesses
- Launched several events targeting Key Accounts customers
- Strengthened relationships with the legislative delegation representing the CCCE service area to advocate on behalf of equitable access to legacy resources, access to bioenergy market rate feed-in tariffs, and for state investment in offshore wind infrastructure
- Propounded CCCE's perspective in dozens of regulatory proceedings touching on all aspects of the agency's operations including PCIA administration, Resource Adequacy program restructuring, limits on Direct Access, coordination with IOU electrification programs, and COVID-19 arrearage relief
- Held regular outreach with member agency staff to support enrollment, share CCCE news, coordinate advocacy, and promote community engagement

CCCE's Outlook: 2021-2027

Power Supply Procurement

To achieve measurable reductions in GHG emissions, CCCE Boards approved renewable energy procurement strategy designed to reach 60% of retail demand by 2025 and 100% by 2030. CCCE procurement is well underway to reach that goal with twelve long-term agreements for renewable resources, scheduled to begin delivery over the next several years. CCCE is securing additional renewable resources and energy storage and is likely to reach the 100% target ahead the deadline of 2030.

CCCE is also pursuing installation of new locally sited distributed energy storage to increase grid reliability and better balance its renewable supply with customer demand. CCCE is currently negotiating several agreements for 110 MW of local energy storage projects and intend to install another 100 MW of small-scale energy storage (1-5 megawatt each) throughout the CCCE service area.

The energy landscape in California is undergoing fundamental changes. There has been a large increase in the number of CCAs operating in California. Diablo Canyon Nuclear Power Plant will be shuttering in 2024 and 2025. Energy storage devices are rapidly being deployed by load serving entities. As a result, the regulatory agency is considering several rule changes for CCAs and other load-serving entities to address the impact of these changes on grid reliability. CCCE plans to monitor closely these pending changes and will work to adapt its procurement strategies to any new regulatory requirements.

Cost-of-Service and Rate Design in SCE Service Territory

Adopting a Cost-of-Service (COS) rate structure in the SCE service area will further the Policy Board's earlier direction to simplify and decouple CCCE rates from the IOU rates, which are often unrelated to the true CCCE cost-of-service. Adopting rate design that reflects the wholesale prices can alter customer's energy consumption and further support CCCE meeting its climate goals.

Following the adoption of COS rate structure for customers in the PG&E service area in January 2022, staff intends to develop COS rates for customers in the SCE service area, for implementation in January 2023. The Rates Stabilization Fund reserves will be used to address revenue surplus/deficiency, meanwhile, rates for FY 2021/22 are set to mirror SCE's rates minus 2% for all customer classes.

CCCE's Outlook: 2021-2027 (Cont'd)

Expanding Data Analytics Capabilities

CCCE operates in a complex and ever-evolving market where data plays a fundamental role in making strategic decisions. It is critical that CCCE teams have easy access to their data as they work to provide services that are sustainable, affordable, innovative, and inclusive. Every day, there are gigabytes of data describing how CCCE customers use energy. That data can be integrated with market and financial data, regulatory information, econometric and weather forecast and other data sources to help CCCE optimize procurement of renewable energy, market energy programs, and set rates.

To help CCCE meet its potential data analytics capabilities, staff is developing cloud distributed data analytics platform that will securely store, organize, integrate, and analyze CCCE's data. This platform will ensure our teams are utilizing an integrated source of data that employs the computing power of the cloud to better serve our customers.

Accelerating Climate Solutions

CCCE's diverse service area requires strategic engagement with member agencies, legislators, customers, community organizations, and underserved communities to ensure all customers can access effective Energy Programs. CCCE will utilize innovative approaches to provide education, access, and support for customers to electrify their lives, affordably while helping to drive the local economy.

CCCE Energy Programs continue to support rapid deployment of electric vehicles, charging infrastructure, all-electric homes, and replacement of diesel-power equipment like irrigation pumps, school busses and generators. We will continue preparing for future demand response and load modification potential by ensuring wifi capabilities of equipment we incentivize, by partnering to deploy greater broadband access in the region, and maximizing the use of data in Energy Program design and deployment.

CCCE continues to build and leverage partnerships to craft regional climate change solutions and leverage outside funding as a critical pathway to limit the impacts of climate change.

FY21/22 Budget Drivers and Assumptions

Revenue

- Demand Forecast: Total retail load is estimated at 5,118 GWh, inclusive of the Cities of Carpinteria, Goleta, and the Southern portion of unincorporated Santa Barbara County, that will be enrolled in October 2021 and the City of Buellton which will be enrolled in January 2022
- Rates for customers in the PG&E service territory: From October to December 2021 (3 months), rates are set at a discount of 2% from PG&E less exit fees, based on PG&E's published rates in March 2021. From January to September 2022 (9 months), rates are set at 1.0 cent per kWh higher than proposed COS rates that were approved by the Policy Board on June 16, 2021, except for streetlights and traffic control. CARE and FERA customers will receive a one-time rebate of \$30.
- Rates for customers in the SCE service territory: For FY 2021-22, rates are set at a discount of 2% from SCE minus exit fees, based on SCE's published rates in June 2021
- Uncollectible: are estimated at 1.25% of operating revenue

Expense

- Power Supply Forecast: is estimated at 5,451 GWh, or 106.1% of retail sales to account for transmission and distribution losses
- Power supply cost: consists of two components energy and Resource Adequacy. Energy cost component including eligible renewable credits is estimated at \$283 million, or 87% of the power supply cost. Resource Adequacy component is estimated at \$43.3 million, or 13% of the total power supply cost. Over 95% of forecasted energy and Resource Adequacy demand will be met through market acquisitions while the remainder will be supplied thru commitment to long-term resources.
- Data Managers and Utilities Service Fees: CCCE's contracts with GridX and Calpine for data management, billing, and call center operations services. The data management fees are based on a fixed price per meter per month. Service fees paid to PG&E and SCE are based on charges per account per month for meter for posting and processing payments.

FY21/22 Budget Drivers and Assumptions (Cont'd)

Staffing

Staff proposes to amend employee salary and benefits schedule, as follows:

- Offer across-the-board 3.8 % Cost-of-Living Adjustments (COLA) and update salary max pay accordingly
- Reclassify the Manager of Human Resources to the Director of Human Resources and Administrative Services
- Move up scheduled addition of IT Support Specialist position from FY 22/23 to FY 21/22

Professional and Legal Services

- Day-to-day accounting, annual financial audit, HR, IT, and rate design support services
- Consulting support for power procurement and risk management, collaboration with other CCAs to secure long duration storage resources, and for the operation of our long-term renewable projects
- Consulting support for video production, Spanish translation, customer survey development, digital design, and other outreach activities in the new service area
- Legal support for long-term power supply procurement negotiation, Reviewing and intervening in CPUC filings and defending or initiating litigations
- Support for regulatory and legislative advocacy, as well as technical consulting support for CCCE's engagement on issues across two different investor-owned utility service territories

Marketing and Customer Enrollment

- Engage customers, support member agencies, address the needs of local residents and businesses, and reach underserved communities
- Continued sponsorships, advertisements, working with press/media outlets to share CCCE value to the community
- Expand strategic outreach and marketing related to increasing participation and adoption of CCCE Energy Programs
- Successful Enrollment of an estimated 45,000 in South Santa Barbara County, Goleta, and Carpinteria and 7,000 customers in the City of Buellton
- Communicate to customers the value basing generation rates on the cost-of-service
- Development of CCCE Annual Report

FY21/22 Budget Drivers and Assumptions (Cont'd)

General and Administration

- Ordinary business expenses such as conferences and professional development, rent, liability insurance, office supplies, phone and internet, small equipment and software, subscriptions, copier lease and usage, travel, business meals, and miscellaneous operational expenses

Energy Programs

- Programs will be funded at 4% of revenue or \$14 million, \$10.5 million of which funded through revenues and \$3.5 million from Energy Programs Fund Reserve
- Program funding balance at the end of FY 2020-21, is estimated at \$17.5 million, \$3.5 million of which is committed to future projects
- In FY 21-22, staff will administer the following ten programs:
 - Light-Duty Electric Vehicle and Private Charging Program
 - Light-Duty Electric Vehicle Public Charging Program
 - Energy Education, Workforce Development, and Innovation Grant Program
 - Residential Electrification Program
 - Agriculture Electrification Program
 - Battery Energy Storage Pilot Program
 - School Bus Electrification Program
 - New Construction Electrification Program
 - Reach Code Incentives
 - Regional Greenhouse Gas Accounting
 - Medium and Heavy-Duty Electric Vehicles and Infrastructure
 - Residential and Commercial Demand Response
 - Commercial Electrification

FY21/22 Budget Summary

(\$ in thousands)	Approved Budget FY 2020/21	% of Rev	Reforecast (8A + 5F) FY 2020/21	% of Rev	Proposed Budget FY 2021/22	% of Rev	Change \$	Change %
Period Ending Sep 30								
REVENUE AND OTHER SOURCES								
Revenue - Electricity	290,464		274,867		359,103		84,235	
Less: Bill Credit to CARE/FERA/MB Customers					(3,085)		(3,085)	
Less: Uncollectible Accounts	(2,905)		(2,749)		(4,489)		(1,740)	
Net Revenue - Electricity	287,560	100.0%	272,119	100.0%	351,529	100.0%	79,410	29.2%
Investment and Miscellaneous Income	1,800	0.6%	722	0.3%	516	0.1%	(206)	(28.6%)
Total Net Revenue and Other Sources	289,360	100.6%	272,841	100.3%	352,045	100.1%	79,204	29.0%
EXPENDITURES AND OTHER USES								
CURRENT EXPENDITURES								
Cost of Energy	249,241	86.7%	245,485	90.2%	326,335	92.8%	80,850	32.9%
Energy Programs	0	0.0%	3,294	1.2%	12,270	3.5%	8,976	272.5%
Data Managers	3,315	1.2%	3,269	1.2%	3,774	1.1%	505	15.4%
Utilities Service Fees	1,572	0.5%	1,550	0.6%	1,893	0.5%	343	22.1%
Staffing	8,156	2.8%	6,038	2.2%	9,244	2.6%	3,206	53.1%
Professional Services	740	0.3%	1,111	0.4%	1,393	0.4%	282	25.4%
Legal Services	572	0.2%	666	0.2%	1,037	0.3%	371	55.6%
Marketing and Customer Enrollment	1,302	0.5%	1,104	0.4%	943	0.3%	(161)	(14.6%)
General and Administration	1,640	0.6%	1,501	0.6%	1,625	0.5%	123	8.2%
	266,538		264,019		358,514		94,495	35.8%
OTHER USES								
Capital Outlay	3,963	1.4%	200	0.1%	114	0.0%	(86)	(42.9%)
Total Other Uses	3,963	1.4%	200	0.1%	114	0.0%	(86)	(42.9%)
Total Expenditures and Other Uses	270,501	94.1%	264,220	97.1%	358,628	102.0%	94,409	35.7%
Net Income (Surplus/Deficit) BEFORE Fund Transfers	18,858	6.6%	8,621	3.2%	(6,583)	(1.9%)	(15,205)	(176.4%)
Transfer From/(To) Rate Stabilization Reserve	(10,232)	(3.6%)	(4,852)	(1.8%)	3,068	0.9%	7,920	(163.2%)
Transfer From/(To) Program Funds	(8,627)	(3.0%)	(3,770)	(1.4%)	3,515	1.0%	7,285	(193.3%)
Net Income (Surplus/Deficit)	0		0		0		0	0%
Program Balance:								
Carryover Balance	13,749		10,224		12,561		2,337	
Encumbrance Commitment Carryover	0	0.0%	3,522	1.3%	4,955	1.4%	1,433	40.7%
Transfer From General Fund - Program	8,627	3.0%	8,164	3.0%	10,546	3.0%	2,382	29.2%
Propose to Spend:								
Allocated Staffing, Professional Svc, Marketing and G&A Expenses	0	0.0%	(1,100)	(0.4%)	(1,791)	(0.5%)	(692)	62.9%
Program Incentive/Grant	(6,153)	(2.1%)	(3,294)	(1.2%)	(12,270)	(3.5%)	(8,976)	272.5%
Ending Balance	16,223		17,516		14,001		(3,515)	(20.1%)
Uninterruptible Power Supply Fund Balance:								
Carryover Balance	24,825		25,000		24,963		(37)	
Transfer From Uninterruptible Power Supply Fund	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Transfer To Rate Stabilization Reserve	0	0.0%	0	0.0%	(10,000)	(2.8%)	(10,000)	0.0%
Propose to Spend	(60)	0.0%	(37)	0.0%	(2,800)	(0.8%)	(2,763)	7499.1%
Ending Balance	24,765		24,963		12,163		(12,800)	(51.3%)
Rate Stabilization Reserve Balance:								
Carryover Balance	119,607		119,465		124,317		4,852	
Transfer From/(To) Rate Stabilization Reserve	10,232	3.6%	4,852	1.8%	(3,068)	(0.9%)	(7,920)	(163.2%)
Transfer From/(To) Uninterruptible Power Supply Fund	0	0.0%	0	0.0%	10,000	2.8%	10,000	0.0%
Ending Balance	129,839		124,317		131,249		6,932	5.6%
% of Operating Expenses	49%		47%		37%			
	Below Target		Below Target		Below Target			

FY21/22 Supplementary Schedule – Program Funding

(\$ in thousands)				
Period Ending Sep 30	Reforecast (8A + 4F) FY 2020/21	% of Rev	Proposed Budget FY 2021/22	% of Rev
Program Funding				
Carryover Balance	10,224		12,561	
Encumbrance Commitment Carryover:				
Zero Emission School Bus Electrification Program	1,200		1,000	
New Construction Electrification Grant Program	1,315		3,495	
Education and Community Grants Program			260	
CALeVIP - Central Coast Incentive Program	1,007			
Summer Readiness Program			200	
	3,522	1.3%	4,955	1.4%
Funding from General Fund Revenues	8,164	3.0%	10,546	3.0%
Total Available Funding	21,910		28,062	
Allocated Expenses from General Fund				
Staffing	(666)		(936)	
Professional Services	(278)		(330)	
Marketing and Customer Enrollment	(92)		(461)	
General & Administration	(64)		(65)	
Subtotal - Allocated Expenses from General Fund	(1,100)	(0.4%)	(1,791)	(0.5%)
Program Incentive				
Zero Emission School Bus Electrification Program	(200)		(1,000)	
CALeVIP EV Infrastructure Program	(1,409)		(1,929)	
New Construction Electrification Grant Program	(20)		(1,500)	
Reach Code Incentive Program	(15)		(60)	
Agriculture Electrification Program	(560)		(600)	
Residential Electrification Program			(2,000)	
Education and Community Grants Program	(25)		(1,000)	
Annual GHG Emissions Inventories with AMBAG	(70)		(65)	
Electrify Your Ride	(700)		(3,000)	
Battery Storage Pilot Program			(470)	
Summer Readiness Program			(400)	
Charge Your Ride Program	(295)			
General Programs Support			(108)	
Business Development			(138)	
Subtotal - Program Incentive	(3,294)	(1.2%)	(12,270)	(3.5%)
Total Program Expenses	(4,394)	(1.6%)	(14,061)	(4.0%)
Ending Balance	17,516		14,001	
Grant Revenue				
CEC Grant			180	
Subtotal - Grant	0		180	
Grant Expenses				
CEC Grant Expenses			(180)	
Subtotal - Grant Expenses	0		(180)	
Total Grant Balance	0		0	

5-Year Financial Proforma Key Assumptions

Revenue

- Energy sales are projected to increase slightly over the next 2 years, then decline by an average of 0.8% over the following 3 years, primarily due to improvements in energy efficiency and potential customer departure to direct access and/or opt-outs
- For customers in the PG&E service area, rates are set at the proposed COS rates that were approved by the Policy Board on June 16, 2021, and further adjusted on August 30, 2021. Post 2024, a new COS analysis will be performed for the calendar years 2025-2027 and rates will be adjusted to recover that cost
- For customers in SCE service territory, rates are set at a discount from SCE less exit fees thru December 2022. For the following year 2 calendar years, rates are set to recover COS in that area, inclusive of funding of programs and RSF. Post 2024, a new COS analysis will be performed for the calendar years 2025-2027 and rates will be adjusted to recover that cost
- The balance of the Rate Stabilization Fund will gradually increase over the next 3 years to reach 50% of operating expenses by the end of 2025

Power Expenses

- Power supply cost will gradually stabilize over the next 5 years due to fixed price contracts that CCCE entered in the past 18 months. Market energy prices are assumed to increase annually by 5 percent. Resource Adequacy cost will continue to follow unpredictable path until sufficient storage capacity is built in California

Rate Stabilization Fund

- In FY21/22, the balance of RSF is projected at 37% of projected expenses, below reserve target of 50 percent. CCCE intends to budget additional funds to augment the RSF balance over the next 3 years to reach the target balance of 50% of operating expenses by 2024

5-Year Financial Proforma

(\$ in thousands)	Proposed Budget FY2021/22	% of Rev	Projection FY2022/23	% of Rev	Projection FY2023/24	% of Rev	Projection FY2024/25	% of Rev	Projection FY2025/26	% of Rev	Projection FY2026/27	% of Rev
Period Ending Sep 30												
REVENUE AND OTHER SOURCES												
Revenue - Electricity	359,103		344,476		342,916		340,178		332,401		328,697	
Less: Bill Credit to CARE/FERA/MB Customers	(3,085)	(0.9%)		0.0%		0.0%		0.0%		0.0%		0.0%
Less: Uncollectible Accounts	(4,489)	(1.3%)	(4,299)	(1.3%)	(4,280)	(1.3%)	(4,246)	(1.3%)	(4,149)	(1.3%)	(4,104)	(1.3%)
Net Revenue - Electricity	351,529	100.0%	340,177	100.0%	338,636	100.0%	335,932	100.0%	328,251	100.0%	324,594	100.0%
Investment and Miscellaneous Income	516	0.1%	516	0.2%	516	0.2%	516	0.2%	516	0.2%	516	0.2%
Total Net Revenue and Other Sources	352,045	100.1%	340,693	100.2%	339,152	100.2%	336,448	100.2%	328,767	100.2%	325,110	100.2%
EXPENDITURES AND OTHER USES												
CURRENT EXPENDITURES												
Cost of Energy	326,335	92.8%	303,826	89.3%	289,235	85.4%	287,050	85.4%	284,319	86.6%	269,751	83.1%
Energy Programs	12,270	3.5%	10,205	3.0%	10,159	3.0%	10,078	3.0%	9,848	3.0%	9,738	3.0%
Data Managers	3,774	1.1%	3,780	1.1%	3,780	1.1%	3,780	1.1%	3,780	1.2%	3,780	1.2%
Utilities Service Fees	1,893	0.5%	1,853	0.5%	1,853	0.5%	1,853	0.6%	1,853	0.6%	1,853	0.6%
Staffing	9,244	2.6%	9,884	2.9%	10,378	3.1%	10,897	3.2%	11,442	3.5%	12,014	3.7%
Professional Services	1,393	0.4%	1,051	0.3%	1,034	0.3%	1,024	0.3%	1,017	0.3%	1,047	0.3%
Legal Services	1,037	0.3%	853	0.3%	808	0.2%	849	0.3%	891	0.3%	936	0.3%
Marketing and Customer Enrollment	943	0.3%	738	0.2%	763	0.2%	801	0.2%	821	0.3%	826	0.3%
General and Administration	1,625	0.5%	1,560	0.5%	1,640	0.5%	1,710	0.5%	1,779	0.5%	1,832	0.6%
	358,514	102.0%	333,752	98.1%	319,652	94.4%	318,042	94.7%	315,750	96.2%	301,776	93.0%
OTHER USES												
Capital Outlay	114	0.0%	3,498	1.0%	648	0.2%	27	0.0%	27	0.0%	4	0.0%
Total Other Uses	114	0.0%	3,498	1.0%	648	0.2%	27	0.0%	27	0.0%	4	0.0%
Total Expenditures and Other Uses	358,628	102.0%	337,250	99.1%	320,300	94.6%	318,069	94.7%	315,777	96.2%	301,780	93.0%
Net Income (Surplus/Deficit) BEFORE Fund Transfers	(6,583)	(1.9%)	3,442	1.0%	18,852	5.6%	18,379	5.5%	12,991	4.0%	23,330	7.2%
Transfer From/(To) Rate Stabilization Reserve	3,068	0.9%	(6,844)	(2.0%)	(22,239)	(6.6%)	(21,739)	(6.5%)	(16,273)	(5.0%)	(23,901)	(7.4%)
Transfer From/(To) Program Funds	3,515	1.0%	3,402	1.0%	3,386	1.0%	3,359	1.0%	3,283	1.0%	571	0.2%
Net Income (Surplus/Deficit)	0		0		0		0		0		0	
Program Balance:												
Carryover Balance (Including Encumbrance Commitment Carryover)	17,516		14,001		10,599		7,213		3,853		571	
Transfer From General Fund - Program	10,546	3.0%	10,205	3.0%	10,159	3.0%	10,078	3.0%	9,848	3.0%	9,738	3.0%
Propose to Spend	(14,061)	(4.0%)	(13,607)	(4.0%)	(13,545)	(4.0%)	(13,437)	(4.0%)	(13,130)	(4.0%)	(10,309)	(3.2%)
Ending Balance	14,001		10,599		7,213		3,853		571		0	
Uninterruptible Power Supply Fund Balance:												
Carryover Balance	24,963		12,163		12,163		12,163		12,163		12,163	
Transfer To Rate Stabilization Reserve	(10,000)	(2.8%)	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Propose to Spend	(2,800)	(0.8%)		0.0%		0.0%		0.0%		0.0%		0.0%
Ending Balance	12,163		12,163		12,163		12,163		12,163		12,163	
% of Operating Expenses	3%		4%		4%		4%		4%		4%	
Rate Stabilization Reserve Balance:												
Carryover balance	124,317		131,249		138,093		160,331		182,070		198,343	
Transfer From/(To) Rate Stabilization Reserve	(3,068)	(0.9%)	6,844	2.0%	22,239	6.6%	21,739	6.5%	16,273	5.0%	23,901	7.4%
Transfer From/(To) Uninterruptible Power Supply Fund	10,000	2.8%		0.0%		0.0%		0.0%		0.0%		0.0%
Ending balance	131,249		138,093		160,331		182,070		198,343		222,244	
% of operating expenses	37%		41%		50%		57%		63%		74%	
	Below Target		Below Target		At Target		Above Target		Above Target		Above Target	

CCA FY 21/22 Proposed Budget Comparison

For the purposes of comparing CCCE key financial indicators to other CCAs, we compiled the FY 2021-22 Proposed Budgets of MCE, East Bay Community Energy (EBCE), Peninsula Clean Energy (PCE) and Silicon Valley Clean Energy (SVCE).

COMPARISON ACROSS MULTIPLE CCAs FY 2021-22 PROPOSED BUDGETS (\$ in thousands)

Fiscal Year	10/1 - 9/30		4/1 - 3/31		7/1 - 6/30		7/1 - 6/30		10/1 - 9/30	
	CCCE	% of Rev	MCE	% of Rev	EBCE	% of Rev	PCE	% of Rev	SVCE (unapproved)	% of Rev
NET REVENUE AND OTHER SOURCES										
Revenue - Electricity	359,103		493,501		508,636		223,012		341,573	
Less: Bill Credit to CARE/FERA/MB Customers	(3,085)									
Less: Uncollectible Accounts	(4,489)		(9,545)		(8,939)		(771)		(2,500)	
Add: Transfer from Programs (1%)	3,515									
Net Revenue - Electricity	355,044	100.0%	483,956	100.0%	499,697	100.0%	222,240	100.0%	339,073	100.0%
Investment and Miscellaneous Income	516		1,689		1,692		900		350	
Total revenue and other sources	355,560	100.1%	485,645	100.3%	501,389	100.3%	223,140	100.4%	339,423	100.1%
EXPENDITURES AND OTHER USES										
CURRENT EXPENDITURES										
Cost of energy	326,335	91.9%	410,657	84.9%	442,338	88.5%	216,706	97.5%	273,561	80.7%
Energy Programs	12,270	3.5%	1,100	0.2%	8,475	1.7%	6,556	2.9%	6,781	2.0%
Data managers	3,774	1.1%	6,220	1.3%	8,645	1.7%	3,420	1.5%	3,249	1.0%
Utility service fees	1,893	0.5%	2,372	0.5%	2,752	0.6%	1,260	0.6%	1,450	0.4%
Power supply professional services	5,667	1.6%	9,602	2.0%	12,240	2.4%	4,680	2.1%	4,699	1.4%
Staffing	9,244	2.6%	12,830	2.7%	9,421	1.9%	6,464	2.9%	9,271	2.7%
Professional services	1,393	0.4%	2,013	0.4%	850	0.2%	1,351	0.6%	5,648	1.7%
Legal Services	1,037	0.3%	1,379	0.3%	1,592	0.3%	1,616	0.7%	0	0.0%
Marketing and Customer Enrollment	943	0.3%	2,893	0.6%	1,614	0.3%	2,068	0.9%	1,050	0.3%
General and administration	1,625	0.5%	4,389	0.9%	3,033	0.6%	2,259	1.0%	1,654	0.5%
Other expenditures	14,242	4.0%	23,504	4.9%	16,510	3.3%	13,759	6.2%	17,623	5.2%
Total current expenditures	358,514	101.0%	444,863	91.9%	479,563	96.0%	241,700	108.8%	302,664	89.3%
OTHER USES										
Capital outlay	114	0.0%	133	0.0%	5,560	1.1%	112	0.1%	150	0.0%
Total other uses	114	0.0%	133	0.0%	5,560	1.1%	112	0.1%	150	0.0%
DEBT SERVICE										
Principal and interest (Fees/Grant Expense-MCE)	0	0.0%	909	0.2%	898	0.2%	0	0.0%	40	0.0%
Total Expenditures and Other Uses	358,628	101.0%	445,905	92.1%	486,021	97.3%	241,812	108.8%	302,854	89.3%
Net Income (Surplus/Deficit)	(3,068)	(0.9%)	39,741	8.2%	15,368	3.1%	(18,672)	(8.4%)	36,569	10.8%

CCA FY21/22 Proposed Budget Comparison (Cont'd)

	CCCE	MCE	EBCE	PCE	SVCE
Customer Accounts	446,000	480,000	630,000	296,000	270,000
Footprint (sq. mi)	7,864	2,651	755	448	1,070
Total Consumption (GWh)	5,118	6,500	6,750	3,571	4,000
Number of Juristictions	33	36	15	21	13

	CCCE	MCE	EBCE	PCE	SVCE	Avg	vs Avg
Average Rate - \$/kWh	\$ 0.06868	\$ 0.07445	\$ 0.07403	\$ 0.06223	\$ 0.08477	\$ 0.07387	-7.0%
Cost of Energy - \$/kWh	\$ 0.06376	\$ 0.06318	\$ 0.06553	\$ 0.06068	\$ 0.06839	\$ 0.06445	-1.1%
Power Supply Services - \$/kWh	\$ 0.00111	\$ 0.00148	\$ 0.00181	\$ 0.00131	\$ 0.00117	\$ 0.00144	-23.3%
Other Expenditures - \$/kWh	\$ 0.00278	\$ 0.00376	\$ 0.00258	\$ 0.00385	\$ 0.00442	\$ 0.00365	-23.8%
Programs - \$/kWh	\$ 0.00240	\$ 0.00017	\$ 0.00126	\$ 0.00184	\$ 0.00170	\$ 0.00124	93.5%
Capital Outlay - \$/kWh	\$ 0.00002	\$ 0.00002	\$ 0.00082	\$ 0.00003	\$ 0.00004	\$ 0.00023	-90.2%

Note: SVCE's proposed budget is a draft and has not been approved by their Board

About CCCE

In March 2017, the County Board of Supervisors from Monterey, San Benito, and Santa Cruz counties as well as City Councils in sixteen local communities established the Joint Powers Authority, originally called Monterey Bay Community Power. In December 2018, CCCE Policy Board approved the inclusion of the Cities of San Luis Obispo and Morro Bay to the agency. In December 2019, the JPA was further expanded to include the Cities of Arroyo Grande, Carpinteria, Del Rey Oaks, Goleta, Grover Beach, Guadalupe, Paso Robles, Pismo Beach, Santa Maria, Solvang, and the County of Santa Barbara. In 2020, The Board approved to change the agency name to Central Coast Community Energy and further voted to add the City of Buellton as the 33 members. CCCE is committed to reducing greenhouse gas emissions through local control of renewable electricity generation provided at competitive rates and the implementation of innovative energy programs that facilitate the electrification of the transportation and built environments. CCCE promotes long-term electric rate stability and energy security while reducing reliance on fossil fuels and stimulating the local economy.



CCCE Membership Enrollment

2017

- CCCE established as Monterey Bay Community Power (MBCP)
- Implementation Plan certified by the CPUC

Mar 2018

- **Phase 1 enrollment launched** - Commercial customers

Jun 2018

- Policy Board appoints the Community Advisory Council (CAC)

July 2018

- **Phase 2 enrollment launched** - Residential customer & NEM
- New 100% eligible renewable service offering, MBprime launched

Dec 2018

- Cities of San Luis Obispo and Morro Bay join JPA

Dec 2019

- Cities of Arroyo Grande, Carpinteria, Del Rey Oaks, Goleta, Grover Beach, Guadalupe, Paso Robles, Pismo Beach, Santa Maria, Solvang and Santa Barbara County join JPA

Jan 2020

- Enrollment of the Cities of San Luis Obispo and Morro Bay

Jan 2021

- Enrollment of 100,000 customers in Del Rey Oaks, Paso Robles, Pismo Beach, Grover Beach, Arroyo Grande, Santa Maria, Guadalupe, Solvang and Northern Santa Barbara County

CCCE Programs Launch

Mar 2019

- Launch of "Project Sunshine" - affordable housing solar incentive program

May 2019

- Launch of MBeVIP - electric vehicle incentive program

Nov 2019

- Launch of CALeVIP-CCIP - electric vehicle charger incentive program

Mar 2020

- Launch of UPS Fund Program - Uninterruptible Power Supply Program

May 2020

- Launch of MUD Electrification - all electric housing grant
- Launch of REACH Code Incentive Program - building code incentive

Jun 2020

- Launch of Zero Emissions School Bus Grant - school bus electrification grant

July 2020

- Launch of AgEE Program - agricultural equipment grant

Apr 2021

- Launched Electrify Your Ride EV rebate program

May 2021

- Launched Electrification Educations Grants and Charger Your Ride programs

Our Boards

CCCE is governed by the Policy Board and the Operations Board. Each Board is comprised of 17 seats representing 33 member agencies. Both Boards will invite non-seated members to participate in meetings as non-voting members. Policy Board Members are elected officials from CCCE member communities and Operations Board Members are appointed executives leading the member cities and counties.

The Policy Board formed the CCCE Community Advisory Council comprised of 15 members appointed from member communities.



2021 Policy Board



Chair
Steve McShane
City of Salinas



Vice Chair
Das Williams
County of Santa Barbara



Member
Kyle Richards
City of Goleta



Member
Jeff Lee
City of Grover Beach



Member
Ariston Julian
City of Guadalupe



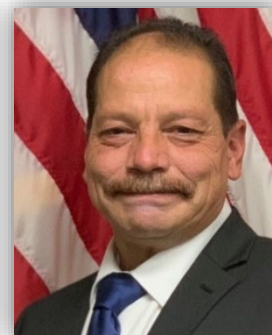
Member
Amy Tomlinson
City of Pacific Grove



Member
Mary Adams
County of Monterey



Member
Kollin Kosmicki
County of San Benito



Member
Rick Perez
City of Hollister



Member
Jan Marx
City of San Luis Obispo



Member
Bruce McPherson
County of Santa Cruz



Member
Donna Meyers
City of Santa Cruz



Member
Alice Patino
City of Santa Maria



Member
Yvette Brooks
City of Capitola



Member
Mary Ann Carbone
City of Sand City



Member
Anna Velazquez
City of Soledad



Member
Francisco Estrada
City of Watsonville

2021 Operations Board



Chair
Carlos Palacios
County of Santa Cruz



Vice Chair
Jamie Goldstein
City of Capitola



Member
Dave Durlinger
City of Carpinteria



Member
Rene Mendez
City of Gonzales



Member
Matthew Bronson
City of Grover Beach



Member
Todd Bodem
City of Guadalupe



Member
Chip Rerig
City of Carmel- by- the Sea



Member
Charles McKee
County of Monterey



Member
Steve Carrigan
City of Salinas



Member
Ray Espinosa
County of San Benito



Member
Brett Miller
City of Hollister



Member
Derek Johnson
City of San Luis Obispo



Member
Mona Miyasato
County of Santa Barbara



Member
Mark Dettle
City of Santa Cruz



Member
Jason Stillwell
City of Santa Maria



Member
Aaron Blair
City of Sand City



Member
Matt Huffaker
City of Watsonville

2021 Community Advisory Council



Chair
Norman Groot
County of Monterey



Vice Chair
Seth Capron
County of San Benito



Member
Jeff Byron
County of Monterey



Member
Richard Stedman
County of Monterey



Member
Ludmila Wist
County of San Benito



Member
Brandon O'Rourke
County of San Luis Obispo



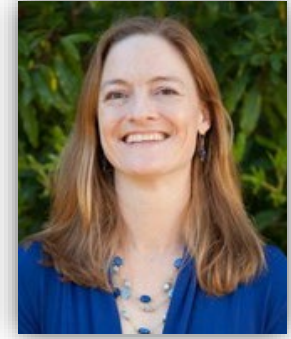
Member
Bruce Severance
County of San Luis Obispo



Member
John Hughes
County of Santa Barbara



Member
Heather Allen
County of Santa Barbara



Member
Katie Davis
County of Santa Barbara



Member
Michael Termini
County of Santa Cruz



Member
Stephen Snodgrass
County of Santa Cruz



Member
Dennis Osmer
County of Santa Cruz