POWERING OUR FUTURE

FY 22/23 OPERATING BUDGET

Central Coast Community Energy

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CEO MESSAGE

The leadership of the Policy and Operations Boards of Directors along with the dedication of our professional staff have brought Central Coast Community Energy (CCCE) through the greatest public health crisis in our lifetimes, the resulting upheaval in world supply chains, and the most volatile electric energy markets in over twenty years. Through all of it, CCCE has managed its energy supply costs, continued investing in our goal of 100% clean and renewable power by 2030, maximized programs delivery, and established itself as a leader in our communities and the state.

Remaining focused on our goal of reaching 100% renewable energy by 2030 has allowed CCCE to find opportunity amid the turbulent energy markets experienced this year. Five new renewable energy projects that we invested in came online in 2022, with the collective capacity to serve 22% of our customers' annual energy demand. These rewards came at a time when many energy companies were urgently reviewing their strategies to respond to new regulations and higher prices. Our agency, on the other hand, found that by sticking to the strategy so well-laid out at our formation, we have weathered the storm and made remarkable progress toward achieving our goals.

A Global Energy Crisis

The war in Ukraine triggered a squeeze on energy supplies that has driven power and fuel prices up and added to inflationary pressures worldwide.

In California, regulators at the California Public Utilities Commission (CPUC) issued procurement orders that sent load-serving entities across the state scrambling to sign long-term renewable power purchase and storage agreements when market prices were at a twenty-year high due to supply chain constraints and congested interconnection queues. The competition for projects spurred some of our long-term PPA counterparties to seek to reopen previously negotiated agreements and push for higher prices, which would ultimately fall to our customers.

While CCCE is willing to offer flexibility and help our counterparties succeed in delivering the projects they've promised, we remain committed to honoring the original core contract terms in every case. As an agency formed to serve the public, we hold to our word and expect no less from our partners.

Because we signed many of our energy supply contracts when prices were more favorable, our customers have been sheltered from the recent spike in prices. As the fiscal year draws to a close, it's clear that the course settled upon when our agency was formed, and the ability of our leadership and staff to remain faithful to this direction, despite current challenges, has served our customers' best interests.

Keeping Our Focus

The current energy crisis may drive faster adoption of renewable energy technologies. It's encouraging to see elected leaders at the state and federal levels working to usher in the transformational changes required to address climate change. Current conditions will also foster innovation. In the past year, CCCE coordinated with CC Power to scale CCA's buying power for new geothermal resources. We're actively evaluating diverse storage technologies, like compressed air, and we have made considerable progress on our Front-of-the-Meter Energy Storage project, which positions our agency to own distributed battery storage throughout our service area.

Our agency is primed to identify the opportunities that arise in periods of great upheaval and change because our mission is clear. We are pressing toward our goal of attaining 60% renewable energy by 2025 and 100% by 2030. And while our goals are more ambitious than those set by President Biden and Governor Newsom, we are making steady progress, which affirms our belief they are attainable and realistic.

CEO MESSAGE

CCCE's progress is evidenced by the success of our Energy Programs this year, which exceeded previous years' performance in the number of applicants, expenditure of dedicated funding, and the assumed reductions in GHG emissions, which are greater than those achieved in all previous years combined. This achievement is the result of staying tied to the fundamentals of what makes programs impactful to our communities and attractive to our customers, insisting on clarity in planning, and an undying dedication to continually improving the process.

We take the same approach in pursuing new sources of renewable energy – and in formulating a portfolio of solar, wind, and geothermal projects at a large scale that can serve our demand. The aim is reliability and capacity to meet growing demands for clean power as we shift away from fossil fuel-burning technologies in transportation and business. Looking ahead and anticipating these increases is one of the reasons we've invested in battery storage projects that will enable us to dispatch renewable energy in our community's load centers – bringing dependability to the hours of the day when solar energy is less available and people's energy demands remain high.

In 2023, we expect six additional new renewable power supply projects to come online. With each arrival, we are closer to a cleaner, healthier, and more sustainable future for the Central Coast. While there is much work ahead, we look forward to building on our successes. Our actions today are critical to creating a sustainable, inclusive, and economically, socially, and environmentally beneficial energy transformation.

Tom Habashi, Chief Executive Officer

FY 2021/22 KEY ACCOMPLISHMENTS

Delivering Financial Value, Innovation And Strength

- Delivered competitive cost-based rates up to 20% below Pacific Gas & Electric (PG&E)
- Delivered electricity generation rates 2% below Southern California Edison (SCE)
- Provided CARE/FERA customers a $100 bill credit to mitigate the impact of rate adjustments on our most vulnerable customers. Total disbursement expected to exceed $8 Million (MM)
- Partnered with PG&E and the state to distribute more than $2.5 MM in California Arrearage Payment Program (CAPP) funds from the state to assist customers financially impacted by COVID-19
- Maintained CCCE's "A" credit rating in S&P's cycle credit review. For the first time, S&P outlined the possibility of an upgrade to "AA" status as CCCE continues demonstrating fiscal prudence
- Developed the Treasury function to deliver higher returns on cash balances and reserves by contracting an external investment manager (RBC) and directly investing in treasury-indexed products
- First CCA to successfully migrate billing and accounts receivables functions; 380,000+ PG&E meters moved to a leading provider, Calpine, that delivers a wide range of data and reporting functions
- Expanded risk management function by adopting best practice of segregation of duties, developing new risk reporting, and leveraging new modeling tools
- Launched two key initiatives – a Power Purchase Agreement (PPA) Prepay and a Financial & Billing Data Platform – that will deliver savings, strengthen finances, and provide customer insights
- Increased net position balance to $212.6 MM as of July 30, 2022, and implemented rate adjustments to successfully navigate unprecedented volatility

Addressing Climate Change By Decarbonizing the Electric Grid

- Delivered four renewable generation projects for customers:
    - Coso project is providing 66.3 MW of geothermal energy/11% of CCCE's demand
    - Slate solar plus storage project, one of California's first and largest integrated solar plus storage projects, is providing 67.5 MW of solar generation and 135 MWh of storage, serving approximately 4% of CCCE's demand
    - Casa Diablo IV project, the first new CA geothermal project in 30 years, is providing 7 MW of energy/1% of CCCE's demand using advanced binary closed loop technology
    - The Mountain View wind project came online six months early and is delivering 33.3 MW of energy/3% of CCCE's demand
- Collaborated with other CCAs through CC Power to execute two renewable geothermal projects to meet CCCE's Firm Clean Resources procurement requirement
    - Ormat will develop a portfolio of projects providing CCCE up to 22.38 MW
    - Open Mountain Energy will provide CCCE 2.42 MW
- Executed four energy storage agreements for locally sited energy storage that provides industry standard lithium ion and long duration vanadium flow technology
- Established a partnership with Depcom Power, LLC to explore and develop up to 25 MW of small-scale turnkey energy storage projects across CCCE's service area

FY 2021/22 KEY ACCOMPLISHMENTS

Addressing Climate Change Through Electrification and Innovation

- Disbursed $2.85 MM in incentives for electric vehicles (EVs), electric bikes, EV charging equipment and installation, reducing an estimated 1,800 metric tons of GHG emissions
- Reserved $1.25 MM of funding for eight electric school buses across the CCCE service area and promoted an innovated leasing structure allowing school districts to quickly transform their fleets
- Reserved $4.2 MM total for publicly accessible DC Fast Chargers for communities in San Luis Obispo County ($1.2 MM) and Santa Barbara County ($3 million).
- Reserved $1.7 MM total for Level 2 charging equipment for communities in San Luis Obispo County ($680,000) and Santa Barbara County ($1.05 MM)
- Reserved $1.25 MM to purchase all electric heavy-duty equipment, including refuse haulers, streetsweepers and a transit bus
- Reserved nearly $800,000 in funding to incentivize affordable developers to build approximately 700 all-electric affordable housing units
- Disbursed $625,000 of incentives to electrify CCCE agricultural customer's operations, from equipment to vehicles
- Awarded $640,000 in grants to support six regional planning, implementation, and education initiatives in our Member Agencies
- Provided Member Agencies over $240,00 to support 22 EV charging stations with 44 ports and 30 new light duty electric vehicles
- Enrolled approximately 80 contractors working in the CCCE service area to participate in an innovated "mid-stream" home electrification program throughout the CCCE service area
- Executed a $2 MM financing agreement with the County of Santa Cruz to facilitate the purchase and installation of emergency backup generation for critical operations
- Launched a Member Agency Services initiative to engage the unique needs of CCCE's 33 Member Agencies, including regional working groups and regional collaborations

Engaging With Customers

- Achieved a high enrollment rate – 97% of the 449,5000 eligible customer meters in the service area
- Successfully enrolled 7,000 new customers in the City of Buellton
- Successfully partnered with the City Council of Atascadero, supporting their decision to join CCCE
- Expanded the innovative Farmworker Outreach Program into the southern service area
- Developed and adopted an Underserved Communities Outreach and Engagement Plan, defining impacted communities and strategies to promote CCCE benefits and programs to all customers
- Developed a 5-Year Impact Report, highlighting accomplishments of Central Coast Community Energy, including enrollment, energy programs, long-term renewable energy contracts, lower generation rates, and public participation through agency meetings and outreach
- Post-COVID, deepened in-person engagement with key customers and regional organizations

STRATEGIC OUTLOOK: 2022-2027

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 strategy has been to enter long-term fixed-price contracts – Power Purchase Agreements or PPAs - with developers for storage and renewable energy power plants. This strategy, implemented over several years, has resulted in a weighted average cost of power well below market prices. The COVID-19 pandemic and subsequent supply chain challenges, combined with significant increases in power prices, led to delays in startup and to requests for contract renegotiation. While CCCE is working to resolve these challenges, the growth in global demand for renewable energy power plants and storage projects signals prices and component availability will remain challenging until supply chains expand.

CCCE is responding by accelerating plans to deploy up to 100 MW in small-scale (1-5 MW) energy storage projects throughout its service areas. The new tax credit in the Inflation Reduction Act (IRA) will lower the effective cost of the projects. In the long term, CCCE may expand physical ownership of assets. CCCE is exploring expanding the suite of tools it uses to supply load. While CCCE's market (non-PPA) activities have traditionally focused on buying physical power at fixed prices, staff may explore financial tools that could reduce risk and diversify its portfolio.

Rate Design And Outlook

Utilizing cost-based ratemaking has two key advantages: passing through CCCE's own costs and giving CCCE the flexibility to customize its rate structures to optimize customer need and financial stability. In order to avoid utilizing rate adders and likely needing to pursue frequent adjustments as a result of the volatile energy markets, the Southern California Edison territory customers will remain on IOU-minus rates for CY 23. In the next rate-setting cycle, CCCE intends to run a COS study that explicitly models cost across the entire service area and explore setting unified rates for PG&E and SCE.

STRATEGIC OUTLOOK: 2022-2027

Regulatory Outlook

CCCE is continuing to engage California's policymakers and regulatory bodies to shape policy and regulations such that they can support and facilitate CCCE's mission of a decarbonized grid and the goals adopted by the Policy Board. CCCE is investing in a professional lobbyist firm for additional and purposeful support during this period of unprecedented transformation in our industry and on California's grid.

To meet its aggressive carbon emission reduction goals, California must see significant increases in renewable generation and energy storage within the next five years. The time is now, and the regulatory landscape should not become the roadblock to ensuring this transition can move forward. Technical and economic complexities of this transition are reflected in the increasing renegotiation of core policies governing the electricity sector, especially those responsible for grid reliability and greenhouse gas reduction planning. CCCE's engagement in policymaking forums will help design the policies governing the future grid in ways that support CCCE's mission, while informing CCCE resource procurement decisions based on evolving compliance needs and market frameworks.

As California's policy framework evolves, CCCE will also work to ensure that the jurisdiction and authority of CCCE's Boards are protected. CCAs are still a relatively new stakeholder in the electricity sector, and their expansion across California has required regulators to rethink how they design programs and plan implementation of state policy goals. CCCE will work to shape future policymaking in ways that support state policy goals while preserving the integrity and unique strengths of the CCA model.

CCCE will pursue these goals in both the regulatory and legislative arenas through a combination of individual advocacy, access to additional policy tools, and strategic collaboration with other stakeholders from across the energy sector. CCCE's aggressive clean energy goals and proactive investment in new clean resources have already enabled staff to provide policymakers with insight into cutting-edge issues facing the grid. CCCE's policy engagement in the next five years will enable CCCE to continue that leadership and use the insights it produces to move the entire sector forward.

STRATEGIC OUTLOOK: 2022-2027

Evolving Financial Architecture

CCCE has grown considerably from its startup days. It now serves over 430,000 customer meters, collects $400+ MM in revenue, processes over 2,400 vendor invoices, and disburses millions of dollars in grants. As such, the need to evolve and grow its financial architecture has increased. Over the next 2 years, CCCE will plan to automate its financial capabilities, increase the use of data and analytics, explore deploying an Enterprise Resource Planning (ERP) system, and continue expanding its treasury function. These measures will optimize cash management, improve budgeting and planning, increase efficiency, reduce staff workloads, and deliver customer insights which can enhance the customer experience.

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 and impactful Energy Programs. CCCE will utilize innovative approaches to provide education, access, and support for customers to electrify their lives, affordably while helping to grow the local economy.

CCCE is investing $16 MM of new spend to build on the success of previous years' Energy Programs. each year for the next five years. As CCCE achieves its goal of a decarbonized electric grid, the strategic push to electrify everything maximizes the benefits of a decarbonized grid by reducing GHG emissions in the transportation, building, and agricultural sectors.

The FY22/23 Energy Programs build upon federal and state transportation incentives by stacking local incentives for electric vehicles while investing significantly in publicly accessible and fleet charging infrastructure and utilizing third-party implementation services. CCCE is expanding its transportation electrification programs to reach additional customer segments, including medium and heavy-duty fleet owners. Future transportation electrification program developments will be informed by regional priority setting and planning to ensure investments are maximized and community needs are met.

CCCE will continue expanding efforts around building electrification through strategic partnerships like the TECH Clean California initiative while looking for opportunities to further catalyze market transformation and climate action. Expanded broadband opportunities, leveraged customer data, and increased customer engagement will enable CCCE to explore demand response and load mitigation efforts through deployed devises.

FY22/23 BUDGET DRIVERS, ASSUMPTIONS & RISKS

Revenue

- Demand Forecast: Total retail load is estimated at 5,235 GWh in 2023, including all the Southern California Edison Service areas that joined in 2021-22

- Rates for customers in the PG&E service territory: Starting January 2023, rates are forecast to decrease by 1c/kWh across the board. This results in rates of 10 c/kWh for Residential customers and a range of 9 c/KWh to 11 c/kWh for commercial and agricultural customers. These represent competitive rates 13% to 21% below PG&E's current forecast of its 2023 rates

- Rates for customers in the SCE service territory: SCE customers will be served with rates that are a discount of 2% versus SCE's 2023 rates.

- Uncollectible: Estimated at approximately 1.75% of operating revenue. For 2023, an additional 1.25% was budgeted as a potential reduction in Reserve Fund contributions. This reflects the elevated level of receivables that CCCE, like utilities nationwide, is experiencing.

Expense

- Power Supply Forecast: Estimated at 5,561 GWH, or 106.2% of retail sales to account for transmission and distribution system losses

- Power Supply Cost: Driven by Energy and Resource Adequacy. The energy cost component including eligible renewable credits is estimated at $345 MM, or 90.6% of the total. Resource Adequacy component is estimated at $35.6 MM, or 9.2% of the total

- Energy Programs: CCCE projects $16 MM in new spend on energy programs. This includes $2.2 MM in Agriculture Electrification, $4.6 MM in the Electrify Your Ride program, $2 MM in the Electric Bus program and $1.5 MM in the New Construction Electrification Program

Risks And Upside/Downside

- Market Prices: Price increases in the energy and RA markets represent significant downside risk to this forecast. Price decreases represent potential upside to this forecast
- Regulatory Risk: Changes in RA or procurement requirements and regulations represent significant downside risk to this forecast
- Supply Chain & PPAs: Further supply chain challenges could delay the projects CCCE expects to come online in late 2022 and in 2023. This represents downside risk to the forecast
- Opt-Outs: While CCCE strives to deliver competitive rates, it faces competition from IOUs and retailers who can provide incentives or products CCCE currently does not. These competitors target revenue-generating customers, representing downside risk to this forecast.

FY22/23 BUDGET DRIVERS, ASSUMPTIONS & RISKS

- Inflation: Increases in prices and a tight labor market could make it more expensive for CCCE to complete projects than currently forecast. The budgeted contingency for Staffing and Support mitigates but does not eliminate this downside risk to the forecast
- Treasury: A rising interest rate environment benefits CCCE's cash management activities and represents potential upside to this forecast

Reserve Fund

- At the end of FY 21/22, excess balances in the UPS Fund and uncommitted funds in the Program Fund will be combined with the existing Rate Stabilization Fund to form a single Reserve Fund

Staffing and Support Services

Staffing

Staff propose to implement a 5% Cost of Living Allowance (COLA) for employees. To keep y/y expense flat at $9.2 MM, employees will be moved up in their existing salary bands

Data Manager & Utility Service Fees

Combined spend for CCCE's billing, account receivable, and billing data services will decrease $0.8 MM y/y to $4.9 MM. This reflects savings negotiated in the move to a single Data Manager

Technical Consulting

Specialized consulting services for a wide range of areas, reflecting staff vacancies and new endeavors such as energy storage, increased $1.1 MM y/y to $1.5 MM

Contingency

For the first time, a $1.1 MM contingency was incorporated in CCCE's budget. This will help cover inflationary costs and unexpected increases – reducing the need for midyear requests

Legal Support

Legal Expenses to support current and anticipated litigation increased $0.8 MM. This includes expenses related to CCCE's PPA disputes

PROJECTED CY 2023 RATES

PROPOSED CCCE VS PG&E 2023 ERRA FORECAST				
CUSTOMER CLASS	**CCCE Current Rates**	**Projected CCCE 2023 Rates**	**Projected PG&E 2023 Rates**	**Difference Between Projected PG&E 2023 Rates And Projected CCCE 2023 Rates**
RES	**0.12**	**0.10**	**0.13**	**-16%**
SM COM	**0.13**	**0.11**	**0.13**	**-17%**
MED COM	**0.11**	**0.10**	**0.12**	**-21%**
LG COM	**0.11**	**0.09**	**0.10**	**-13%**
AGR	**0.11**	**0.10**	**0.11**	**-13%**
SL	**0.11**	**0.09**	**0.11**	**-16%**

PROPOSED CCCE VS SCE 2023 ERRA FORECAST				
RATE GROUP	**CUSTOMER CLASS**	**Projected CCCE 2023 Rates**	**Projected SCE 2023 Rates**	**Difference Between Projected SCE 2023 Rates And Projected CCCE 2023 Rates**
DOMESTIC	**RES**	$0.092	$0.094	-2%
TOU-GS-1	**SM COM**	$0.092	$0.094	-2%
TOU-GS-2	**MED COM**	$0.092	$0.094	-2%
TOU-GS-3	**LG COM**	$0.078	$0.080	-2%
TOU-8	**LG COM**	$0.070	$0.071	-2%
TOU-PA-2	**MED AG**	$0.076	$0.077	-2%
TOU-PA-3	**LARGE AG**	$0.063	$0.064	-2%
Street Lighting	**SL**	$0.048	$0.049	-2%
Traffic Control	**TC**	$0.074	$0.075	-2%

- CCCE rates for the PG&E service area are projected to roll back 1 c/kWh from current levels. This delivers competitive rates 13%-21% below PG&E's current projections of its 2023 rates
- CCCE rates for the SCE service area will remain at 2% below SCE's current projected rates
- Rates are expected to be finalized by the IOUs in the November-December 2022 timeframe. Should markets move significantly or regulatory shifts impose new costs, CCCE may have to modify these projected rates in December 2022

3-YEAR STRATEGIC FORECAST

CCCE Pro Forma 3-Year Financial Forecast ($ MM)

	CY 2023	CY 2024	CY 2025
Revenues	436	447	406
Costs			
Cost of Energy	388	354	361
Energy Programs	16	16	16
Staffing and Support Services	24	25	25
Total Costs	428	395	402
Net Position	**8**	**52**	**4**
PG&E Rate Adder (c/Kwh)	**2**	**2**	**0**
End of Year Reserve Fund	187	234	239
End of Year Reserve Fund as % of Revenues	**43%**	**52%**	**59%**

CCCE Pro Forma: Select Key Items ($ MM)

	FY 22/23	Y/Y Change
Energy Programs: Community Programs		
Electrify Your Ride	4.6	1.5
Agriculture Electrification	2	1.6
Electric Bus	2	1
Energy Programs: Member Agency Programs		
Charge Your Fleet	1.25	1.25
Staffing and Support Services: Top 5 Expenditures		
Compensation & Benefits	9.3	0.0
Data Manager	2.8	-1.0
IOU Service Fees	2.1	0.2
Legal	1.8	0.8
Technical Consultants	1.5	1.1

FY2022/23 BUDGET

CCCE FY 2022/23 Budget		
LINE ITEM	**BUDGET**	**NOTES**
Aggregate Cost of Energy - RA, Energy, PPA	$377,918,806.77	
Data Manager	$2,793,200.00	
Service Fees - IOU	$2,100,000.00	
Advertising	$500,000.04	
Contingency	$1,100,000.00	
Subscriptions	$611,062.14	
Legal	$1,844,660.20	**Key Staffing and Support Expenditures**
IT Consulting	$593,469.00	**$0.5 MM**
Other Consultants	$563,000.00	
Technical consultants	$1,541,093.00	
Employee welfare	$1,086,405.60	
Retirement plan contributions	$707,508.36	
Salaries and wages	$7,042,640.36	
Energy Programs	$15,992,012.04	**Direct Spend On Programs**
Bad Debt Allowance	$7,500,000.00	
Total	$425,650,061.49	

- To provide greater clarity, only line items above $0.5 MM were included in this year's presentation
- Energy Program spend represents new direct program investment; it does not include approximately $1.85 MM of internal Energy Program support
- Energy prices remain volatile and there is significant downside risk to the forecast
- Due to the difference between CCCE's Fiscal Year (October – September) and Rate Year (January-December), there is a small (<$5 MM) difference in Cost of Energy between Rate Year 2023 and FY22/23. However, the underlying cash flows are the same

FY22/23 BUDGET – Y/Y Staffing and Support Services

Category	Budget Total	Y/Y Change (Non-Energy)	Key Drivers
Technical consultants	$1,541,093	$1,126,221	+$1.1 MM Technical Consultants
Contingency	$1,100,000	$1,095,418	Staffing and Support Services
Legal	$1,844,660	$882,660	Ligitation Expenses
IT Consulting	$593,469	$571,085	New Financial Data Platform & Staff Augmentation
Insurance	$350,768	$311,836	Anticipated increases in Cyber, E&O, O&D; RFPs planned Spring 2023
Communications consultants	$307,600	$304,068	Customer satisfaction survey, translation services, marketing consultants
Service Fees - IOU	$2,100,000	$206,560	Service Area Expansion and estimated SCE fees
Small equipment & software	$269,305	$189,666	IT costs moved out to departments, new subscriptions, inflation
Other Consultants	$563,000	$163,956	Recruiting agencies
Rent	$399,996	$110,577	Potential expansion to 2nd floor of 70 Garden Court
Advertising	$500,000	$150,016	Increased public outreach
Travel	$148,876	$148,876	Return to pre-COVID travel, bottom-up by Divisions vs top-down from Finance
Dues & Subscriptions	$95,441	$78,668	IT costs moved out, inflation, multiple small adds
Human resources and payroll	$116,630	$74,450	Increasing recruiting advertising
Legislative	$120,000	$45,000	Professional representation
Industry memberships and dues	$390,301	$34,665	Multiple adds to increase engagement and outreach across service area and region
Business meals	$74,629	$33,773	More on-site and in-person Board/CAC/Staff meeting
Conferences & prof	$120,300	$32,949	More in-person events, professional development to increase staff capacity
development Director's Fee	$45,000	$25,000	Increased in-person Board meetings
Website	$30,000	-$20,000	Website rebuild costs wind down
Required Mailings	$84,000	-$112,750	Fewer enrollment campaigns
Subscriptions	$611,062	-$579,586	IT expenses split to divisions; reallocation of expenses from omnibus Subscription accounts
Data Manager	$2,793,200	-$980,800	New Data Manager Contract Savings
Total		$3,892,307	

Staff augmentation with consultants, new initiatives requiring technical expertise, litigation, and a new contingency are the key drivers of changes to the budget for Staffing and Support Services.

LONG-RANGE FORECAST ASSUMPTIONS & RISKS

Revenue

- Energy sales in kWh are projected to increase steadily over the 4-year period, reflecting the addition of Atascadero and small load growth of 0.4% in 2025 and 2026
- Energy sales in dollars are expected to decline 9% in 2025 and a further 5% in 2026, reflecting the pass-through of lower power supply costs via COS Rates and lower contributions to the Reserve Fund in 2025
- A new COS study will be launched in late 2023 to set rates for 2025 and beyond. Staff will explore unified rates across PG&E and SCE service areas in that study

Power Expenses

- Power supply costs for CCCE are currently forecast to stabilize and decline over time as Power Purchase Agreements (PPAs) come online. Market energy prices are expected to remain volatile throughout the period. A new Resource Adequacy regulatory regime represents additional downside risk to the forecast

Reserve Fund

- The Reserve Fund will increase over the next 2 years to 52% of revenues, before becoming 64% of revenues in 2026. The increase in percentage is due to the projected increase in revenues – not new rate increases. This may set the stage for future rate reductions

Risks And Upside/Downside

- The Year 2-4 forecasts should be viewed as indicative guides based on the best information available today. As the past 3 years have demonstrated, markets have made a regime shift – markets are in an inherently more volatile and complex environment than before
- The uncertainty in power & natural gas market prices, regulatory requirements, supply chains and the macroeconomic environment are all downside risks to this forecast
- Market stabilization, reductions in inflation and labor market tightness, and favorable regulatory decisions represent potential upside to this forecast

LONG-RANGE PRO FORMA

CCCE Pro Forma 4-Year Financial Forecast ($ MM)				
	CY 2023	**CY 2024**	**CY 2025**	**CY 2026**
Revenues	436	447	406	385
Costs				
Cost of Energy	388	354	361	337
Energy Programs	16	16	16	16
Staffing and Support Services	24	25	25	25
Total Costs	428	395	402	378
Net Position	**8**	**52**	**4**	**7**
PG&E Rate Adder (c/kWh)	**2**	**2**	**0**	**0**
End of Year Reserve Fund	187	234	239	246
End of Year Reserve Fund as % of Revenues	**43%**	**52%**	**59%**	**64%**

All projections are based on current market prices and hedge ratios. There is considerable downside risk to the forecast given market and regulatory volatility.

Revenues decline as the PG&E adders are eliminated, but the decline is somewhat offset by increases in load from the addition of Atascadero and small organic load growth.

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. In 2022 the City of Atascadero joins as the 34th member. 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
- Phase 3 enrollment launched - Enrollment of the Cities of San Luis Obispo and Morro Bay

Jan 2021
- Phase 4 enrollment launched - 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 MEMBERSHIP ENROLLMENT cont.

Oct 2021

- Phase 5 enrollment launched - Enrollment of customers in Carpinteria, Goleta, and Southern Santa Barbara County

Jan 2022

- Phase 6 enrollment launched - Enrollment of customers in Buellton

Jan 2024

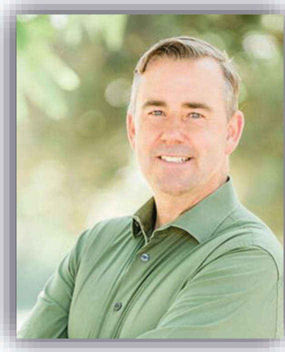
- Expected - Phase 7 enrollment launched - Enrollment of customers in Atascadero

OUR BOARDS

CCCE is governed by the Policy Board and the Operations Board. Upon adoption of the 5th Amendment to the Joint Powers Agreement, each Board will be comprised of 18 seats representing the 34 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.

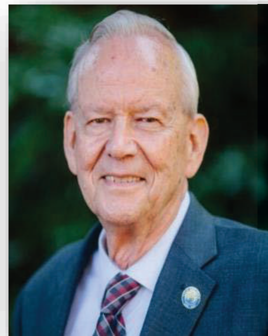
2022 POLICY BOARD



Chair
Steve McShane
City of Salinas

Vice Chair
Das Williams
County of Santa Barbara

Director
Wade Nomura
City of Carpinteria



Director
Ed Waage
City of Pismo Beach

Director
Claudia Orona
City of Solvang

Director
Amy Tomlinson
City of Pacific Grove

Director
Mary Adams
County of Monterey

Director
Kollin Kosmicki
County of San Benito

Director
Dolores Morales
City of Hollister

Director
Jan Marx
City of San Luis Obispo

Director
Bruce McPherson
County of Santa Cruz

Director
Donna Meyers
City of Santa Cruz

Director
Alice Patino
City of Santa Maria

Director
Yvette Brooks
City of Capitola

Director
Mary Ann Carbone
City of Sand City

Director
Anna Velazquez
City of Soledad

Director
Francisco Estrada
City of Watsonville

2022 OPERATIONS BOARD

Chair
Carlos Palacios
County of Santa Cruz

Vice Chair
Jamie Goldstein
City of Capitola

Director
Peter Imhof
City of Goleta

Director
Brent Slama
City of Soledad

Director
James Lewis
City of Pismo Beach

Director
Xenia Bradford
City of Solvang

Director
Chip Rerig
City of Carmel- by- the Sea

Director
Charles McKee
County of Monterey

Director
Jim Pia
City of Salinas

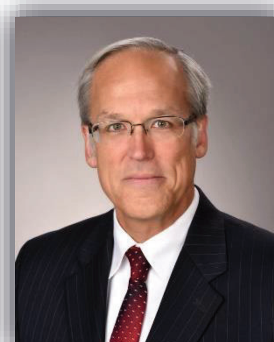
Member
Ray Espinosa
County of San Benito

Director
Brett Miller
City of Hollister

Director
Derek Johnson
City of San Luis Obispo

Director
Mona Miyasato
County of Santa Barbara

Director
Matt Huffaker
City of Santa Cruz



Member
Jason Stillwell
City of Santa Maria

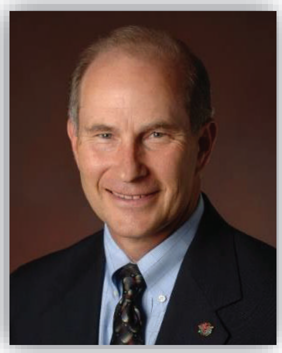
Director
Vibeke Norgaard
City of Sand City

Director
Rene Mendez
City of Watsonville

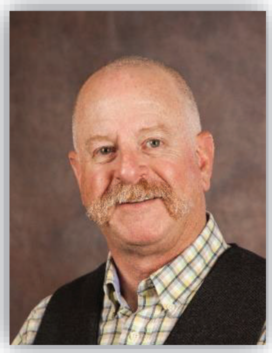
2022 COMMUNITY ADVISORY COUNCIL

Chair
Seth Capron
County of San Benito

Vice Chair
Katie Davis
County of Santa Barbara



Member
Jeff Byron
County of Monterey



Member
Norman Groot
County of Monterey

Member
Richard Stedman
County of Monterey

Member
Wayne Norton
County of San Benito

Member
Brandon O'Rourke
County of San Luis Obispo

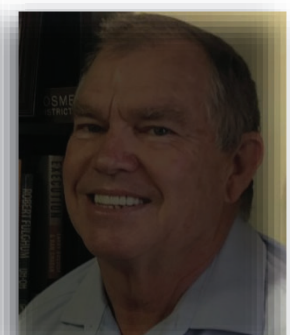
Member
Bruce Severance
County of San Luis Obispo

Member
John Hughes
County of Santa Barbara

Member
Heather Allen
County of Santa Barbara

Member
Michael Termini
County of Santa Cruz

Member
Stephen Snodgrass
County of Santa Cruz



Member
Dennis Osmer
County of Santa Cruz

Member
Norman Tuitavuki
County of Monterey

Member
Kasia Markham
County of Monterey