



Central Coast
**Community
Energy**

FISCAL YEAR

2024-25

RECOMMENDED BUDGET

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About 3CE

Through its dedicated Boards and professional staff, Central Coast Community Energy (3CE) is committed to serving our customers while reducing greenhouse gas emissions by accelerating the transition to 100% clean and renewable energy and maintaining responsible rates. We believe developing a renewable and reliable grid that supports the electrification of transportation, agriculture, and buildings — and incentivizing change through innovative and impactful energy programs — is necessary to build a more sustainable future for our community

3CE is an 'A' rated public electric generation provider comprised of 35 local government agencies across five counties. With the County of San Luis Obispo and the City of Atascadero enrolling in 2025, 3CE will serve nearly 1.3 million people through 515,000 customer accounts, representing approximately 95% of the region's electricity load. 3CE's peak load is projected to be at 869 MW and is estimated to provide its customers with roughly 5.6 million MWh of power in 2025. 3CE promotes long-term electric rate stability and energy security while reducing reliance on fossil fuels, protecting the environment, and stimulating our local economies.



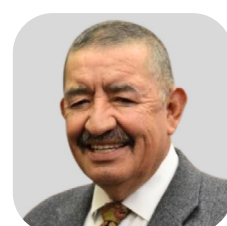
Our Boards

3CE is governed by a Policy Board and an Operations Board, each composed of 19 seats representing our 35 Member Agencies.

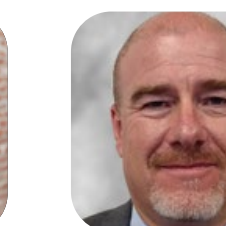
The Policy Board of Directors is composed of local elected officials, appointed by their respective agencies. The Policy Board oversees the strategic direction of 3CE, sets the budget and customer rates, and approves large capital expenses.

The Operations Board of Directors is made up of City Managers, County Administrative Officers, and other Member Agency leadership executives appointed by their respective agencies. The Operations Board approves contracts and agreements not reserved by the Policy Board, or not otherwise delegated, and oversees policy implementation to ensure the successful administration of 3CE.

Policy Board



Operations Board





Gine Johnson
Chair
County of Santa Cruz



Norman Tuitavuki
Vice Chair
County of Monterey

The Community Advisory Council (CAC) is comprised of fifteen members serving three-year terms. The Council acts as an important connection between the agency and the diverse communities it serves.

Lew Bauman
County of Monterey

Jason Sedano
County of Monterey

Rosemary Soto
County of Monterey

Richard Stedman
County of Monterey

Wayne Norton
County of San Benito

Celina Stotler
County of San Benito

Dennis Osmer
County of Santa Cruz

Devin Best
County of San Luis Obispo

Matthew McClish
County of San Luis Obispo

Heather Allen
County of Santa Barbara

Katie Davis
County of Santa Barbara

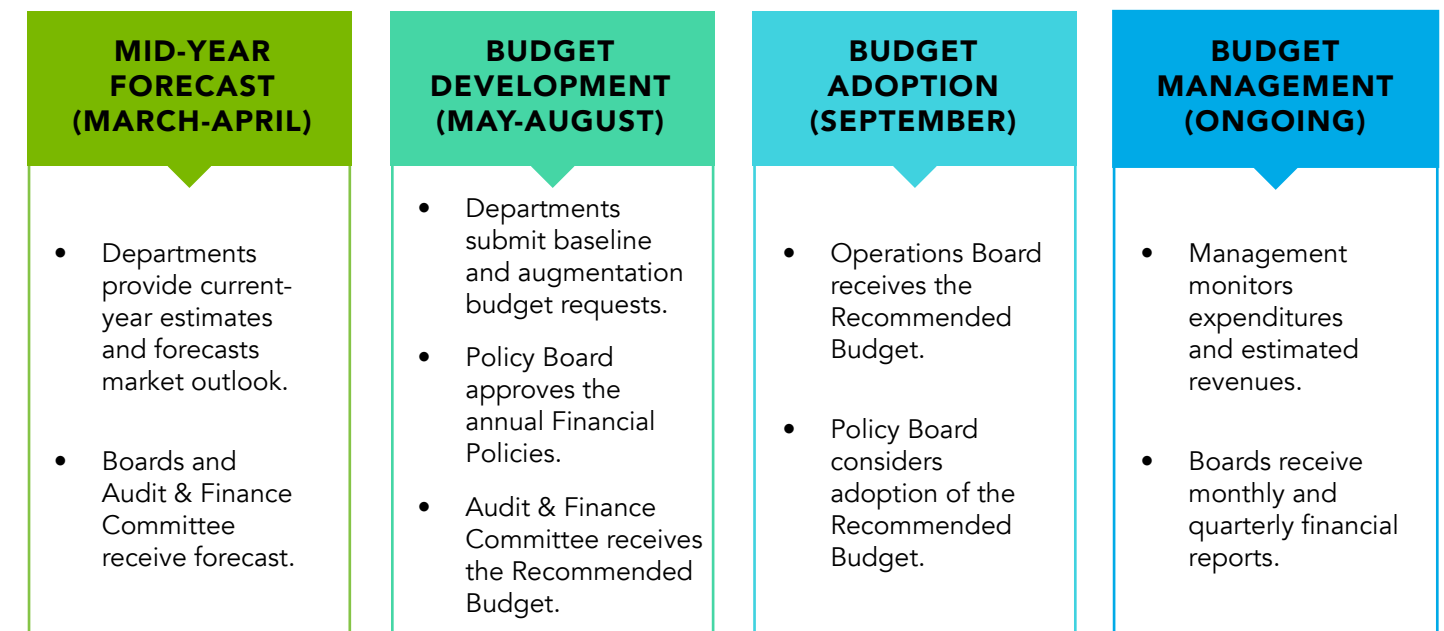
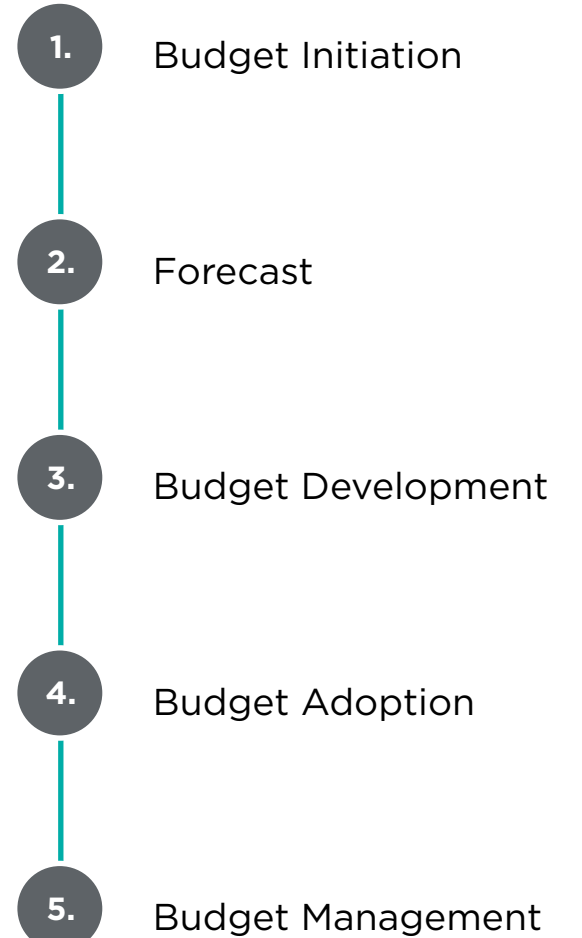
John Hughes
County of Santa Barbara

Kris Damhorst
County of Santa Cruz

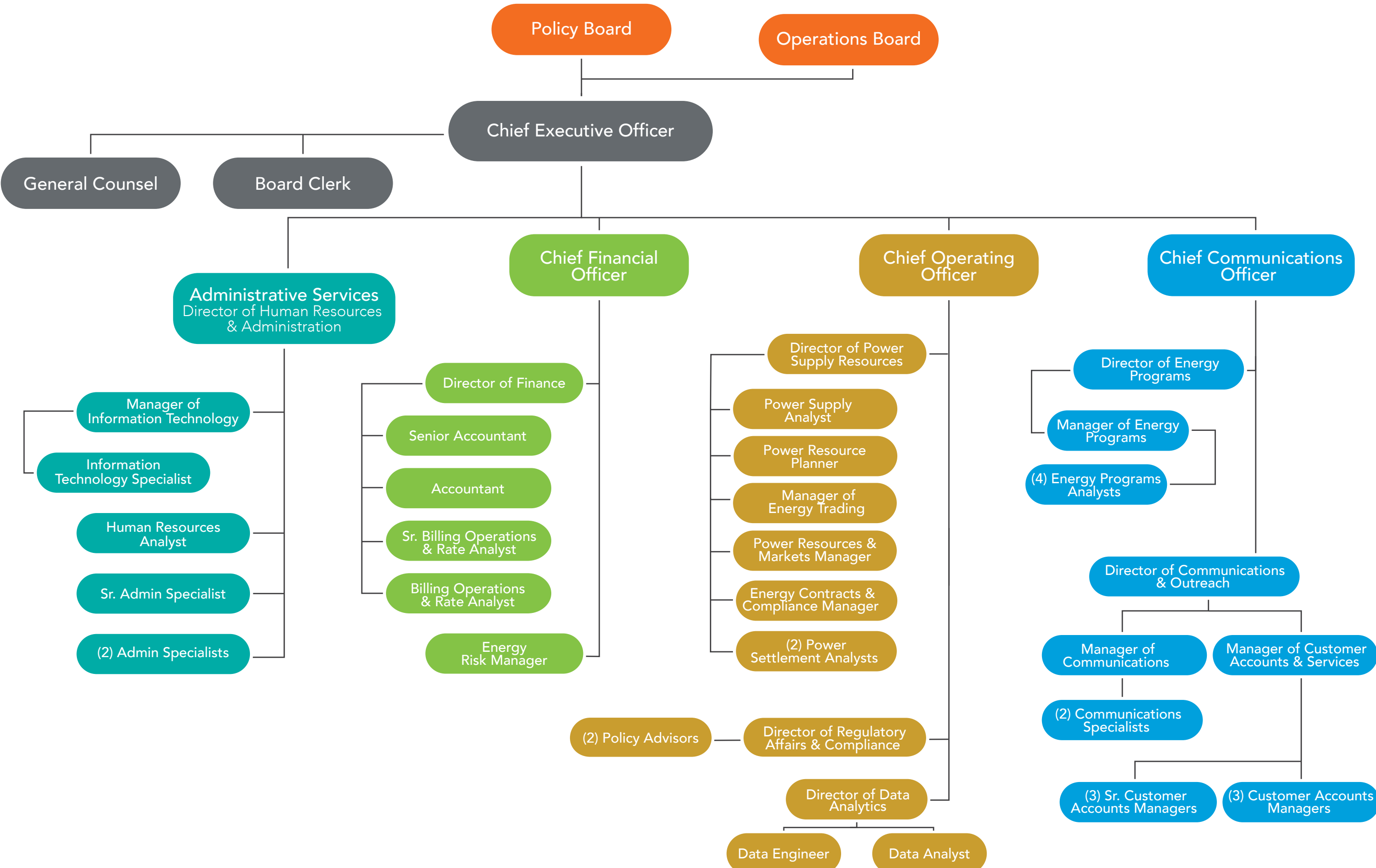
THE ANNUAL BUDGET DEVELOPMENT PROCESS CONSISTS OF FIVE STAGES

Budget development begins in March. Departments begin their financial planning at mid-year with the creation of a detailed financial forecast. Following the forecast, departments submit their requested budgets for the next fiscal year. These requests include two parts: baseline spending plans and augmentation requests.

The CEO reviews and prioritizes requests based on accuracy and reasonableness, substantiated benefits, and alignment with Policy Board priorities. The CEO works to build a comprehensive, rational, and balanced spending plan for the coming year. The Fiscal Year 2024-25 Recommended Budget will be presented to the Policy Board at its annual meeting beginning on September 19, 2024.



Organization Chart



Honorable Chair Williams
and Members of the Board,

I am proud to present the Recommended Budget for the Fiscal Year 2024-2025. This budget is informed by the Board's guidance and unwavering commitment to 3CE's mission to serve our Central Coast community by providing reliable clean electricity at fair rates, as well as innovative electrification programs aimed at reducing greenhouse gas emissions and strengthening our local economies. Your leadership and our employees' dedication have helped navigate turbulent energy markets, significant regulatory uncertainty, dramatic wholesale price pressures, and mounting delays in connecting long-term renewable projects to California's grid. The Recommended Budget manages these issues through improvements in critical operational areas while furthering our commitment to innovative energy programs that support local climate goals and spur local investment.

Accomplishments of the Past Year

The City of Atascadero and unincorporated San Luis Obispo County will be enrolled into 3CE service in January 2025. This expansion unifies the Central Coast with a public option for electric generation procurement.

We continue to drive incremental renewable resource development that moves us closer to our 100% renewable goal while helping to lower and stabilize customer costs. In the last year, we added 205 MW of onshore wind generation, 500 MWh of energy storage, and 177 MWh of hybrid energy storage designed to reduce existing natural gas generation. 3CE's operating projects avoided approximately 410,000 metric tons of CO₂ emissions last year alone. We improved market scheduling operations to ensure that these and future resources are optimized to achieve the greatest customer benefit.

3CE's energy programs are improved and expanded to help accelerate climate action. Staff have launched a new management tool

to streamline and enhance customers' experiences with energy programs. Working with the Community Advisory Council, we have undergone a critical review of current offerings and evaluated the feasibility of demand-response programs. This year, we launched 3CE's first behind-the-meter battery incentive program that will support customers' control over their energy consumption.

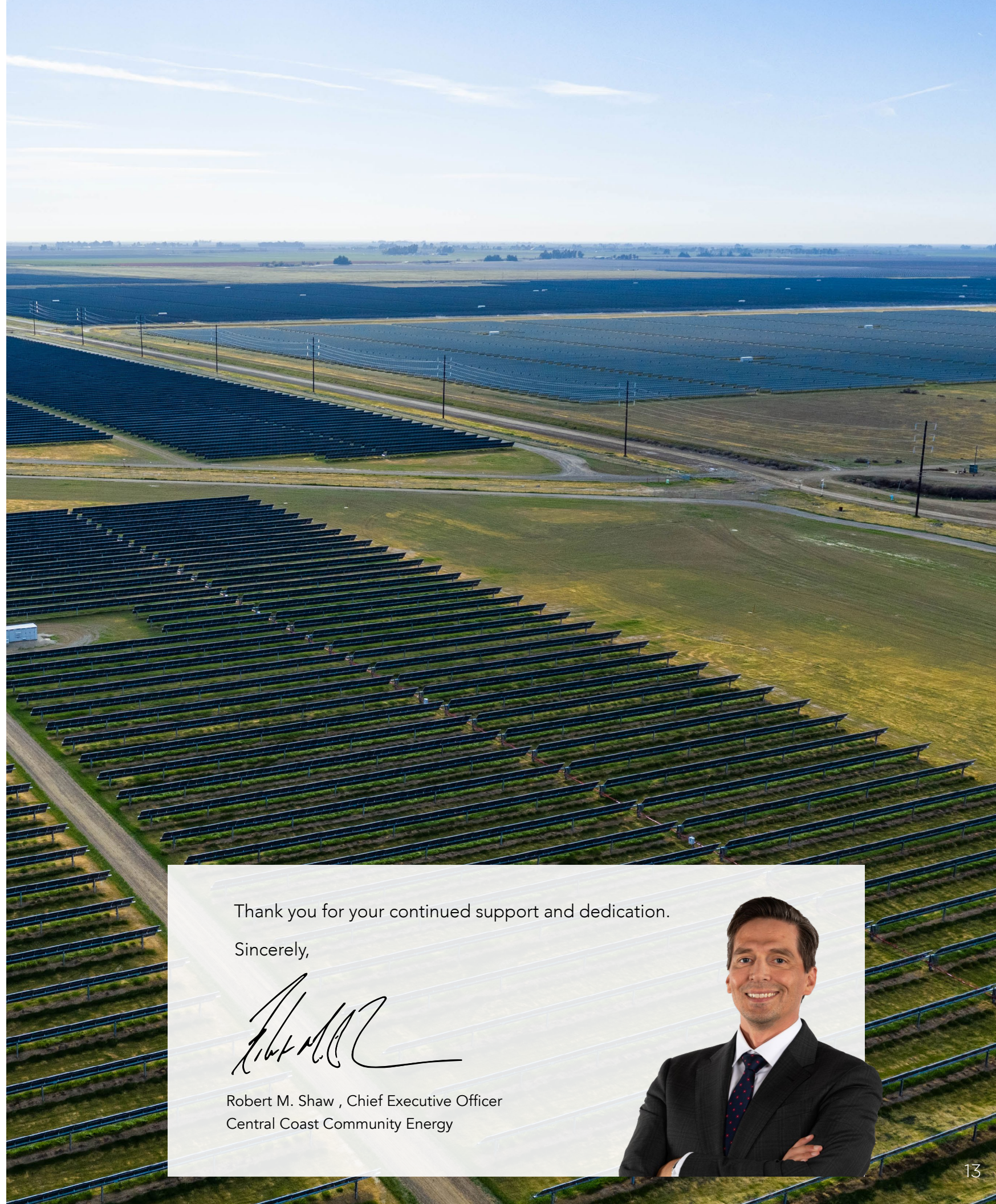
The Path of Progress

Looking ahead, the ever-changing regulatory environment and rising wholesale energy market demand 3CE's continued focus on delivering clean and renewable energy while meeting our regulatory reliability obligations and stabilizing customer rates.

Accomplishing this requires attention to strategic procurement, optimization of our growing portfolio, and building a robust foundation through the strengthening of our reserves to improve credit and contractual terms, all of which help mitigate potential customer rate impacts.

3CE's energy programs will continue to innovate and bring increased focus to providing customers with the tools to respond to price signals and save money, while also reducing demand during net peak hours, reducing greenhouse gas emissions, and contributing to a sustainable, stable, grid.

The remarkable progress 3CE has made since its formation in 2017 is a testament to your collective effort and strategic vision. As we embark on the new fiscal year, I am confident that this Recommended Budget delivers a fiscally responsible approach to driving innovation and community engagement that will bring us closer to our collective goals. Together, we will not only meet the challenges ahead but set new benchmarks for what is possible in the evolving world of community-owned energy we are building together.



Thank you for your continued support and dedication.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert M. Shaw". The signature is fluid and cursive, written over a white background.

Robert M. Shaw , Chief Executive Officer
Central Coast Community Energy



Executive Summary

Fiscal Year (FY) 2024-25 is 3CE's sixth year serving customers across the Central Coast and seventh year of operation. The Recommended Budget for FY 2024-25 aligns with 3CE's mission and goal of meeting 100% of customers' energy demand with reliable, clean, and renewable energy while investing in its communities and ensuring fair and responsible rates. The number of customers served by 3CE will increase in FY 2024-25 with the enrollment of unincorporated San Luis Obispo County and the City of Atascadero in January 2025. To carry out the agency's goals and serve this increased load, the Recommended Budget totals \$730.3 million, with an addition to reserves of \$40.0 million funded by estimated revenues of \$753.0 million and the use of the Capital Infrastructure Reserve of \$17.3 million for capital infrastructure, and the authorization of 56 full-time equivalent (FTE) positions.

FY 2024-25 Budget Summary

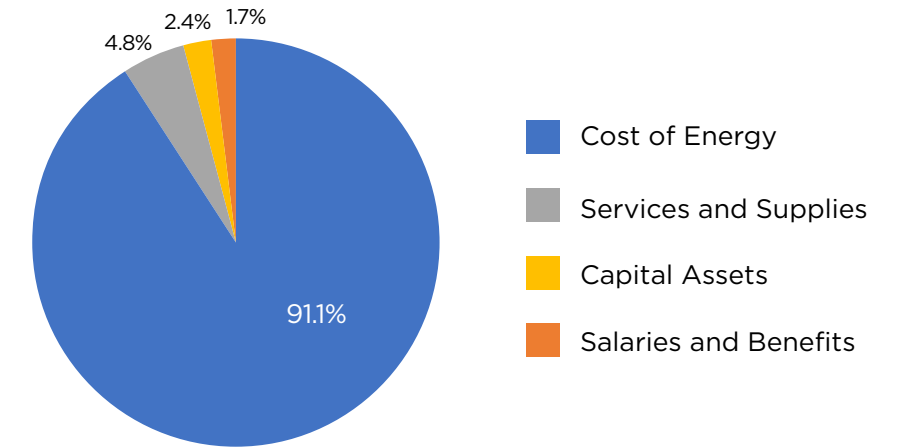
| | Prior Year Actuals 2022-23 | Adopted Budget 2023-24 | Mid-Year Estimate 2023-24 | Requested Budget 2024-25 | Recommended Budget 2024-25 | Recommended Change from Adopted |
|--|----------------------------|------------------------|---------------------------|--------------------------|----------------------------|---------------------------------|
| Electricity Sales | 450,713,404 | 556,433,448 | 551,405,974 | 745,962,356 | 745,962,356 | 189,528,907 |
| Interest and Investment Returns | 8,184,122 | 6,400,000 | 9,950,446 | 7,000,000 | 7,000,000 | 600,000 |
| Other Income | 2,356,837 | - | 88,732 | 68,400 | 68,400 | 68,400 |
| Sub-Total Revenues | 461,254,363 | 562,833,448 | 561,445,152 | 753,030,756 | 753,030,756 | 190,197,307 |
| Capital Infrastructure Reserve | - | - | - | 17,318,000 | 17,318,000 | 17,318,000 |
| Total Financing Sources | 461,254,363 | 562,833,448 | 561,445,152 | 770,348,756 | 770,348,756 | 207,515,307 |
| Cost of Energy | 398,746,769 | 520,297,514 | 538,515,199 | 665,267,116 | 665,267,116 | 144,969,602 |
| Salaries and Benefits | 6,200,592 | 9,537,076 | 8,789,063 | 13,086,907 | 12,585,841 | 3,048,765 |
| Services and Supplies | 21,646,235 | 32,998,858 | 26,839,006 | 35,249,798 | 35,177,798 | 2,178,940 |
| Capital Assets | - | - | 210,000 | 17,318,000 | 17,318,000 | 17,318,000 |
| Total Financing Uses | 426,593,596 | 562,833,448 | 574,353,268 | 730,921,822 | 730,348,756 | 167,515,308 |
| Total Budgeted Change to Net Position | 34,660,767 | - | (12,908,116) | 39,426,934 | 40,000,000 | 40,000,000 |

The Recommended Budget represents a \$167.5 million increase from the prior year's Adopted Budget. Cost of Energy (COE) is the primary driver of the increase, accounting for \$145.0 million of the request. The increase in COE is due to the additional load for two newly enrolled communities and to higher Resource Adequacy (RA), Renewable Portfolio Standard (RPS), and energy costs. The COE includes expenses for purchased energy, RA, RPS, and grid operation services performed by the California Independent System Operator (CAISO). The COE accounts for 91.1% of all expenditures and is the main driver of 3CE's rates, outpacing all other expenditures, which account for 8.9% of overall costs.

The Recommended Budget includes \$12.6 million in salaries and benefit costs. The \$3.0 million increase is driven primarily by the agency's success in filling historically vacant roles and hiring new staff, merit increases, cost-of-living adjustments (COLA), and employee benefits. The Recommended Budget also includes funding for four new positions that will broaden the agency's impact on power procurement and energy management. The investment in these new positions will help to ensure that 3CE has the dedicated and knowledgeable staff necessary to accomplish the transition to a clean and renewable energy grid.

Expenditures for services and supplies of \$35.2 million are anticipated to increase by \$2.2 million to cover additional billing data management services needed to serve the larger number of customer accounts anticipated with the enrollment of two member communities. The Recommended Budget includes additional funding for 3CE's continued involvement and leadership in California Community Power (CC Power) and California Community Choice Association (CalCCA). Funding for energy programs will remain at current-year levels but will be redistributed to allow for the implementation of new programs and continued exploration of demand-response offerings.

FY 2024-25 Forecasted Expenses AS A PERCENT OF TOTAL



The Recommended Budget also includes a capital outlay proposal totaling \$17.3 million. As 3CE matures as an agency and solidifies its presence on the Central Coast, it is critical for the agency to invest in its permanent presence throughout its service area. This investment is funded by the Capital Infrastructure Reserve (CIR), which was established to fund investment in capital infrastructure, including real estate, enterprise software, and owned electric generation projects. 3CE recommends the use of the CIR to fund the purchase of offices in Monterey and Santa Cruz to continue to establish office and meeting space to conduct daily operations in a wider area. Preliminary estimates for the purchase and tenant improvements are estimated in the range of \$17.0 million. While much work will be required to determine these capital investments, including Policy Board engagement and approvals, budgeting these appropriations allows the Board to move judiciously if investment opportunities arise in FY 2024-25.

Single-Territory Rate

The estimated revenues of \$753.0 million are \$190.2 million higher than the prior year's Adopted Budget and are necessary to fund increased expenditures, and additions to reserves to align toward Board-approved levels over the next three years. Over the past year, 3CE staff conducted a Cost-of-Service (COS) analysis to establish a revenue requirement that forecasts costs incurred in the service of our customers. The revenue requirement includes funding to work toward meeting 3CE's minimum reserve policy levels. To ensure rate stability, 3CE evaluated its annual revenue requirement through 2027 using 2025 as the test year.

3CE is the only Community Choice Aggregation (CCA) agency that spans two Investor-Owned Utility (IOU) territories. Following the Policy Board's direction, the single-territory rate approach ensures that 3CE recovers accurate, appropriate revenues from each customer class based on the cost to serve them, regardless of where in 3CE's territory they reside.

Maintaining fair rates is a core goal and key component of 3CE's stated aim to meet customer demand with 100% reliable, clean and renewable energy, provide local control of our energy decisions, promote local economic stimulation, and lead decarbonization through electrification.

Executive Summary (continued)

| Class | Recommended 2025 Generation Rates* | PG&E Vintage 2017* PCIA | Est. 2025 PG&E Generation Rates | Difference (%) |
|---------------------------|------------------------------------|-------------------------|---------------------------------|----------------|
| Residential | \$0.146 | \$0.005 | \$0.177 | -14% |
| Small Commercial | \$0.125 | \$0.005 | \$0.164 | -21% |
| Medium Commercial | \$0.121 | \$0.005 | \$0.168 | -25% |
| Large Commercial | \$0.121 | \$0.005 | \$0.147 | -14% |
| Small & Medium Ag | \$0.143 | \$0.005 | \$0.154 | -4% |
| Large Ag | \$0.130 | \$0.005 | \$0.154 | -13% |
| Business Electric Vehicle | \$0.119 | \$0.005 | \$0.179 | -31% |
| Standby | \$0.102 | \$0.004 | \$0.117 | -9% |
| Streetlights | \$0.117 | \$0.004 | \$0.139 | -12% |

*3CE on average rates in PG&E service area

*PG&E service area estimated surcharges (PCIA and franchise fees), based on 2017 customer vintage class

| Class | Recommended 2025 Generation Rates* | SCE Vintage 2021* PCIA | Est. 2025 SCE Generation Rates | Difference (%) |
|---------------------------|------------------------------------|------------------------|--------------------------------|----------------|
| Residential | \$0.133 | \$(0.039) | \$0.119 | -22% |
| Small Commercial | \$0.118 | \$(0.036) | \$0.114 | -28% |
| Medium Commercial | \$0.098 | \$(0.031) | \$0.099 | -32% |
| Large Commercial | \$0.089 | \$(0.026) | \$0.083 | -24% |
| Small & Medium Ag | \$0.112 | \$(0.030) | \$0.095 | -13% |
| Large Ag | \$0.088 | \$(0.025) | \$0.081 | -22% |
| Business Electric Vehicle | \$0.092 | \$(0.031) | \$0.099 | -38% |
| Streetlights | \$0.068 | \$(0.020) | \$0.063 | -24% |

*3CE on average rates in SCE service area

*SCE service area estimated surcharges (PCIA and franchise fees), based on 2021 customer vintage class

Due to the increased the COE, including regulatory compliance, the projected 3CE average customer class change in rates will be between \$0.001 and \$0.028 per kilowatt-hour (kWh). 3CE projects its proposed rates will remain competitive against IOU generation rates across all classes, on average, in 2025. These competitive rates reflect the success of 3CE's strategic procurement while planning to ensure liquidity for ongoing power procurement and customer rate stabilization.

Budgeted revenues also include \$7.0 million generated by interest and investment returns – a reduction from current-year estimated earnings assuming the Federal Reserve will begin a rate-cutting cycle as early as September 2024.

Increasing Liquidity to Meet Reserve Targets and Maintain Credit Rating

The Recommended Budget includes adding an estimated and maintained \$40.0 million to cash reserves to bring 3CE's reserves to 77% of the target by September 31, 2025. The addition to reserves aligns with targets established in the finance policies adopted by the Policy Board on June 26, 2024. The instability of market prices for energy, Renewable Energy Credits (RECs), and Resource Adequacy necessitate healthy reserves. In addition, the CPUC's continued propensity to consider impactful regulatory changes that disrupt CCA hedging strategies and interject significant market uncertainty threatens to increase costs.

| Estimated Reserve Balances at Year-End | FY 2023-24 | FY 2024-25 |
|---|--------------------|--------------------|
| Strategic Reserve | 128,722,322 | 151,386,285 |
| Energy Rate Stabilization Reserve | 96,247,101 | 113,083,138 |
| Renewable Energy Innovation and Initiatives Reserve | - | 500,000 |
| Capital Infrastructure Reserve | 17,318,000 | - |
| Total | 242,287,423 | 264,969,423 |

Credit rating agencies view strong liquidity as a key factor in assessing financial stability. CCAs, like other load-serving entities (LSEs), are subject to various risks, including regulatory changes, market fluctuations, and collateral calls. Strong liquidity provides a buffer that allows 3CE to navigate these challenges without compromising its financial health. Credit rating agencies consider the agency's ability to withstand adverse conditions, and strong liquidity enhances this ability, ensuring 3CE retains its 'A' credit rating.

Renewable Portfolio Standard

In September 2020, 3CE's Policy Board voted to set the goal of meeting 100% of retail sales with clean and renewable energy by 2030. Today, 3CE is on its way toward meeting this goal while maintaining responsible electricity rates, driving innovation in the energy sector, and providing impactful energy programs for the community.

3CE continues to enter into long-term Power Purchase Agreements (PPAs), which serve to stabilize rates and grow the agency's renewable energy portfolio. 3CE is under agreements with seven renewable projects that are currently online and producing renewable energy that meets 29% of the agency's retail sales. The agency has eight additional agreements with renewable projects that are currently under development and are anticipated to achieve commercial operation prior to 2027. The remaining projects are anticipated to come online before 2029. Assuming the on-time delivery of these projects, 3CE will be well-positioned to meet its 2030 goal.

While 3CE has demonstrated success in bringing new clean, and renewable resources online, the electricity generation sector, including 3CE, faces challenges that impact the expansion of renewable energy projects serving California. As a result, 3CE is seeing a \$36.8 million year-over-year cost increase in RPS products.

Executive Summary (continued)

Resource Adequacy

Resource Adequacy (RA) is a regulatory construct developed to ensure that there will be sufficient resources available to serve electric demand under all but the most extreme conditions. RA is a compliance product that commits generators to dispatch energy when needed. Regulatory changes have increased the amount of RA that Load Serving Entities (LSEs), such as 3CE, are required to purchase. At the same time, the retirement of fossil-burning resources and limitations on energy imports have decreased the available supply of RA. This imbalance between the demand for RA and its supply has spiked prices. The impact on 3CE has been dramatic, with RA estimated to be \$17.4 million higher than the budget in the current year, likely resulting in an operating deficit. In the FY 2024-25 Recommended Budget, RA accounts for 27% of the total COE.

Despite the market and regulatory uncertainty, amplified by a higher COE, and the need to build on reserves, 3CE's recommended average rates for electricity generation will remain competitive when compared to investor-owned utilities. The Recommended Budget strives to balance increased costs with the agency's mission to provide renewable energy at responsible rates. Staff presents this budget as a step in the right direction to serve our communities while meeting the challenges associated with a highly competitive energy procurement market and a heavily regulated industry.

Capital Improvements/Acquisition

FY 2023-24 San Luis Obispo Office

With a wide-ranging service area from Santa Cruz to Santa Barbara, 3CE has made it a priority to be where our customers are and, in FY 2023-24, acquired a permanent office in San Luis Obispo. The office is centrally located in downtown San Luis Obispo adjacent to the City and County offices. The building is currently undergoing a remodel that will include a community room to hold meetings and events, with ample space for 3CE staff. Hoteling offices on the second floor will be available for traveling staff and board members who need a place to work. It is expected that most of the expense will be incurred in FY 2023-24, contingent on the construction schedule.

For FY 2024-25, the proposed capital expenditure budget is \$17.3 million, including the acquisition and subsequent remodel of office buildings in Monterey County and Santa Cruz County, the purchase of two electric vehicles, and software costs. In addition, Energy Programs has budgeted \$700,000 for agency-owned charger assets.

Monterey Office

The lease for the corporate office in Monterey expires at the end of 2025. Purchasing an office building will provide location and cost stability for 3CE. The corporate office in Monterey consists of approximately 30 office staff occupying two floors. A replacement property will seek to plan for future growth. Any recommendations will subsequently be brought forward to the Policy Board for consideration. The rough cost estimate is \$12.0 million to acquire and remodel an existing facility.

Santa Cruz Office

A potential Santa Cruz location will be a regional office serving our northern territory, providing direct access to better serve our customers. It will be a smaller location open to staff, board members, and the community. Subsequently, any recommendations will be brought forward to the Policy Board for consideration. The rough cost estimate is \$5.0 million to acquire and remodel an existing facility.

Software

3CE Finance plans to implement an Enterprise Resource Planning (ERP) system to encompass general ledger, reporting, accounts payable, purchasing/procurement, and payroll. Implementation of a full-service ERP will improve financial reporting and streamline processes. The cost is estimated at \$200,000 for consulting and implementation.

Owned Charger Assets

With transportation accounting for over 50% of regional emissions, electric vehicle (EV) adoption is critical to effectively reducing harmful pollutants. One of the main barriers to EV adoption is the existing gap in EV charging infrastructure. 3CE will help address these gaps in EV charging infrastructure through the deployment of a phased EV charger asset program, starting with an EV Charger Asset Pilot. This pilot will consist of up to two sites with Level 2 and/or DC Fast Chargers that 3CE owns and manages. Additionally, the EV Charger Asset Pilot will result in refined scoping and implementation of a 3CE-owned charging station program that is financially feasible, operationally efficient, and enhances equitable access to electrification infrastructure. Currently, Energy Programs has recommended \$700,000 for the first phase of this initiative.

Funding

Funding for capital projects is reserved in the Capital Infrastructure Reserve (CIR) and the Owned Charger Asset pilot is included in the Energy Programs budget. The CIR was established to cover the acquisition and replacement costs of 3CE's capital infrastructure including enterprise software, real estate, and electric generation/storage facilities.



Financial Policies

1. Purpose and Background

Prudent and conservative stewardship of public assets is a principal responsibility given to the officials and managers of 3CE. The development and maintenance of financial policies enable 3CE officials to protect those public assets, ensure transparency, and build public trust. Financial policies define a shared understanding of how 3CE administers its financial affairs and communicates how the agency manages its resources to provide the highest value to the communities we serve.

This document centralizes 3CE's financial policies and establishes a framework for overall fiscal planning, management, and decision-making related to public assets controlled by 3CE. These policies are reviewed, updated, and brought before the Policy Board as needed but at least annually for adoption. This continued review and adoption promotes sound financial management and helps maintain 3CE's stability, efficiency, and effectiveness by ensuring the Policy Board's financial policy guidance is provided before 3CE takes any financial actions. The policies also offer guidelines for evaluating both current activities and proposals for future programs and direct 3CE's financial resources toward meeting its objectives and strategic initiatives.

These policies provide general guidance in the management of the 3CE's fiscal affairs and are to be used by all 3CE employees to meet their obligation to operate in a financially prudent manner. The Recommended Budget adheres to these policies.

2. General Financial Philosophy

The cornerstone and highest priority of 3CE's financial policies is fiscal integrity. It shall be the goal of 3CE to achieve a strong financial condition with the ability to:

- Sustain adequate financial liquidity to meet normal operating and contingent obligations;
- Ensure a sufficient financial base is maintained to withstand local, regional, national, and global economic impacts;
- Foster the ability to adjust efficiently to the community's changing service requirements;
- Maintain and improve infrastructure and capital assets;
- Regularly review programs and operational methods to improve processes that result in higher productivity and eliminate repetitive and duplicative functions;
- Encourage collaboration with other government entities, the private sector, and public-private partnerships where cost and risk are minimized in the delivery of services within 3CE's service area;
- Promote sharing of costs and benefits by service users;
- Ensure the legal use of financial resources through an effective system of internal controls;
- Support sound financial management by providing accurate and timely information on 3CE's financial condition; and
- Provide a framework for the wise and prudent use of debt financing and maintain a good credit rating in the financial community.

2.1 THE ANNUAL BUDGET

- The Chief Executive Officer (CEO) will recommend a balanced budget that aligns annual expenditures with market reasonable rates based on the revenue requirement established through a cost of service methodology and minimize the use of reserves and one-time financing sources for ongoing operating expenditures;
- 3CE will strive to maintain competitive rates while adhering to our renewable energy goals;
- Through the CEO, the Chief Financial Officer (CFO) will consult with 3CE Officers and seek their input in developing the Recommended Budget through cooperative discussions and financial education;
- CEO will keep the Policy Board apprised of the condition of the 3CE's finances and emerging fiscal issues; and
- Through the CEO and Officers, 3CE will work with the California Community Choice Association (CalCCA), state representatives, legislative advocates in the State Capitol, and other local government organizations to ensure our community voice is heard regarding any state legislation or regulation affecting our stakeholders.

3. Roles and Functions

3.1 ROLE OF THE CHIEF EXECUTIVE OFFICER

The CEO serves as the chief policy advisor to the Policy Board, Operations Board, and the various Board committees. The CEO promotes responsible resource allocation, strives to protect 3CE's financial position and integrity, and provides independent analysis on policy and financial issues. The CEO is the fund manager for the 3CE Enterprise Fund and any other funds that may be created.

3.2 PRINCIPAL FUNCTIONS OF THE CHIEF EXECUTIVE OFFICER

Principal functions of the CEO include:

- Promoting continuous improvement of the structures, systems, processes, and effectiveness of programs;
- Preparing the annual financial plan (Recommended Budget);
- Working with departments to evaluate potential federal, state, and local budget impacts;
- Developing financial forecasts;
- Monitoring revenues and expenditures for conformance with the annual budget;
- Recommending effective fiscal policies to carry out the 3CE mission;
- Verifying Policy Board policies are consistently applied; and
- Ensuring items brought before the Policy Board are transparent, accurate, complete, fully justified, and reviewed by appropriate stakeholders.

3.3 PRINCIPAL FUNCTIONS OF THE CHIEF FINANCIAL OFFICER

- Carrying out financial operations efficiently and cost-effectively while adhering to all 3CE, state, and federal laws, regulations, and policies;

- Preparing budgets and financial estimates with attention to accuracy based on financial expertise, 3CE, state, and federal funding changes, and economic indicators affecting revenues, expenditures, and service levels;
- Reviewing, evaluating, and assessing federal and state budget issues that may impact the agency;
- Developing and performing financial forecasts;
- Overseeing Middle Office responsibilities as identified in 3CE’s Energy Risk Management Policy;
- Monitoring monthly revenue, expenditure, and cash flow performance and conformance with the Adopted Budget;
- Meeting the Policy Board’s strategic financial initiatives and policies; and
- Ensuring items brought before the Policy Board are transparent, accurate, complete, fully justified, and reviewed by all appropriate stakeholders.

3.4 PRINCIPAL FUNCTIONS OF THE AUDIT AND FINANCE COMMITTEE

The Audit and Finance Committee’s principal functions include receiving staff updates on financial issues affecting 3CE and providing oversight and direction to staff in developing and modifying the budget and audits.

3.5 PRINCIPAL FUNCTIONS OF THE ENERGY RISK MANAGEMENT COMMITTEE

The Energy Risk Management Committee is formed by the CEO to implement and maintain the Energy Risk Management Policy, which requires 3CE to maintain sufficient financial reserves to:

- Establish long-term business sustainability;
- Build collateral for power procurement activities;
- Maintain an investment-grade credit rating;
- Develop funding sources for investment in generation and other local initiatives; and
- Reduce the business and customer impact of year-to-year volatility in energy markets and procurement costs.

4. Services and Fund Structure

4.1 ENTERPRISE FUND

3CE operates as an enterprise fund. The enterprise fund accounts for revenues and expenditures for all 3CE activities. The fund’s operations are financed and operated like private business enterprises, where services provided are primarily funded through user charges (electric generation rates).

4.2 PROPRIETARY FUND

An enterprise fund is classified as a proprietary fund and is financed and operated like private business enterprises whose services are primarily funded through user charges.

4.3 EXPENSES

Enterprise fund expenses and revenues will be established at sufficient levels to properly maintain the fund’s infrastructure and provide significant capital development.

4.4 RATE STRUCTURE AND NET POSITION

The enterprise fund will maintain an adequate rate structure to cover the cost of all operations, including cash flow, capital replacement and maintenance, debt service if applicable, contingency funding, reserve contributions, and depreciation. Rates may be offset from the available unreserved net position only after these requirements are met.

5. Operating Budget

5.1 THE 3CE BUDGET

The Recommended Budget is the central financial planning document for the agency’s goals, objectives, priorities, levels of service, and the associated operating revenue and expenditures. Appropriations are recommended based on the relationship between expected expenditures and revenue. If revenues are estimated to fall below expected amounts, the agency will take all actions available to reestablish a revenue and expenditure relationship that conforms to the operating requirements.

The Recommended Budget shall be presented to the Policy Board for adoption in September of each year and clearly presented to a general audience of the public. The Recommended Budget may be modified as necessary by the Policy Board during the fiscal year.

5.2 BALANCED BUDGET

A budget is balanced when the total estimated financing sources (beginning fund balance plus revenues) equal the total appropriations (expenditures). At no time shall spending in a given year exceed total current estimated revenues plus any net positive position (reserved and non-reserved).

5.3 ONGOING MAINTENANCE AND OPERATIONS NEEDS

3CE will adequately fund ongoing maintenance and operational needs with ongoing annual revenue. Without prior direction and approval by the Policy Board, the use of one-time revenues or short-term borrowing is not allowed as a resource to finance ongoing operational needs.

5.4 CAPITAL FACILITIES AND EQUIPMENT

3CE shall establish as a primary fiscal responsibility the acquisition, preservation, maintenance, improvement, and, when applicable, orderly replacement of the 3CE’s capital facilities and equipment. 3CE shall endeavor to purchase a permanent headquarters and appropriate regional offices to provide continuity of location and operations while stabilizing and controlling facility costs into the future. 3CE will acquire and maintain high-quality equipment to maximize useful life and ensure efficient operations.

5.5 APPROPRIATIONS AND TRANSFERS

The agency enterprise fund is not constrained by appropriation controls. The CEO is charged with maintaining the relationship between financing uses and financing sources and shall report to the Policy Board any deviation in excess of the adopted budget. The CEO is authorized to make appropriation transfers between departments and divisions within the enterprise fund as necessary to adequately reflect the expenditure needs of the agency.

5.6 RESPONSIBILITY FOR BUDGET MANAGEMENT AND BUDGETARY CONTROL

The agency shall maintain a budgetary control system to help it adhere to the adopted budget. The CEO has budgetary control and authority over appropriations. The CFO shall administer and maintain the system utilized for budgetary control. As the administrator of the budgetary control system, the CFO shall notify the CEO when a department is reaching the departmental appropriation limit. The CFO shall seek guidance from the CEO on all issues relating to appropriations and controls.

3CE Officers in coordination with the CFO have primary responsibility for managing departmental budgets by:

- Providing accurate and timely budget estimates;
- Monitoring revenues to ensure timely receipt in the amounts anticipated;
- Ensuring that expenditures comply with the law, adopted resolutions, policies, and align appropriations relative to revenues;
- Providing prompt notification to the CEO when either revenues or expenditures are not as anticipated; and
- Preparing and justifying budget revisions when necessary.

5.7 PREPARATION OF FINANCIAL REPORTS

The CEO annually prepares or causes to be prepared:

- An Annual Comprehensive Financial Report (ACFR) that reports on the 3CE's financial position and activities adhering to Generally Accepted Accounting Principles (GAAP) or state law requirements, to provide readers with a broader understanding of the agency's financial operations;
- A mid-year estimate to provide current-year performance and forward-looking perspective to advise the Policy Board on future challenges and provide a base for building the following year's Recommended Budget; and
- Additional reports, as appropriate, to keep the Policy Board informed on current financial performance and developments.

The CEO has oversight and contract management over the external auditors reviewing the ACFR. External auditors shall report to the CEO or designated officer on audit findings. The CEO will take the audit findings thereafter to the Policy Board.

5.8 PUBLICATION OF BUDGET

The CEO shall publish annually a Recommended Budget document that satisfies nationally recognized standards for effective budget presentation. The Recommended Budget will be provided to the Policy

Board a minimum of two weeks in advance of the annual budget hearings.

5.9 3CE BUDGET DEVELOPMENT

Budget development is an annual process incorporating the Policy Board's priorities and weighing competing requests for 3CE resources within expected fiscal constraints. The process begins with departments preparing "baseline" budgets proposing levels of service and staffing that can be carried out within expected resources (e.g., revenues). Departments may submit "augmentation requests" for additional resources to mitigate potential impacts, increase staffing/services, or invest in infrastructure. The CEO evaluates baseline budgets and augmentation requests within the constraints of a balanced budget and builds the annual Recommended Budget. Staff considers the following criteria in formulating recommendations for the annual budget and subsequent mid-year budget modifications:

- Mandated by current law, regulation, or Policy Board policy;
- Alignment with the 3CE's strategic initiatives and priorities;
- Necessary to maintain the current level of mission-critical services/operations;
- Substantiation of compelling public need (e.g., health, safety, economic vitality, quality of life) that cannot be met within existing resources;
- Likelihood of success based on prior performance, degree of planning/specificity, requested resources, and assumed timeline;
- Leverages sustainable financial support from non-3CE sources;
- Appropriate placement of responsibility (federal, state, or local);
- Degree of urgency; and
- Critical infrastructure investment to ensure productivity and continuity of operations.

Criteria in the listing are not exhaustive or in any particular order, nor are they mutually exclusive; funding recommendations may align with more than one criterion.

5.10 ESTABLISH 3CE PRIORITIES

The Policy Board has a continuous process of establishing 3CE priorities for ensuing years. The Policy Board implements these priorities in the Recommended Budget. Understanding that elected officials, appointed officials, and agency officers are charged with the actual provision of services to the community, the Policy Board shall set broad priorities to ensure flexibility for the agency to concentrate on these priorities.

5.11 AMENDMENTS TO THE ADOPTED BUDGET

Modifications to the Adopted Budget require the approval of a majority of Policy Board members. Amendments to the Adopted Budget will be made in compliance with Policy Board policies. As an enterprise fund, the relationship between financing uses and financing sources is the overriding principle; thus, appropriation controls are not required.

5.12 BUDGETARY BASIS

3CE uses the full accrual basis of accounting following GAAP. The budgetary basis is appropriation-based, beginning October 1 and ending the last day of September of each year. 3CE is an enterprise fund that is appropriation-based budgeted; however, accounting is on a full accrual basis.

5.13 CAPITAL ASSET DEFINITION

The agency defines capital assets as assets with initial, individual costs of \$5,000 or more and an estimated useful life greater than one year, except infrastructure, for which the threshold is set at \$100,000. Capital assets include both tangible and intangible assets categorized by asset type for reporting purposes.

5.14 APPROPRIATIONS FOR CONTINGENCIES

3CE annually adopts an appropriation for contingencies to provide sufficient working capital and a margin of safety for unplanned operational needs. The contingency appropriation is utilized only after all other budget resources have been examined. The appropriation for operational contingencies shall be equal to five percent (5%) of recommended appropriations, excluding cost of energy (COE), unless expressly modified by the Policy Board as part of the annual budget adoption.

6. Net Position and Reserve Policies

6.1 NET POSITION

Net position is a measurement of available financial resources. It is the difference between total assets and total liabilities. The Policy Board recognizes that maintaining a positive net position is essential to preserving 3CE's financial integrity. Sufficient net position and reserve levels are a critical component of the 3CE's overall financial management strategy. They are key factors in the ability to sustain service delivery and obtain external financing. Rating agencies analyze net position when considering 3CE's overall financial strength and creditworthiness. Adequate reserves enable flexible financial planning in developing rate structures, future capital projects, dealing with unforeseen emergencies, and changes in general economic conditions.

6.2 USE OF UNRESERVED NET POSITION

3CE's goal is to only use unreserved net position as a source to finance one-time investments, reserves, and/or commitments. As a one-time financing source, any end-of-year positive net position will be used for non-recurring expenditures and only after confirmation of the yearly audit.

6.3 STRATEGIC RESERVE POLICY

A strategic reserve is essential to provide an adequate financial backstop throughout the year. 3CE shall adopt a strategic reserve equal to twenty-five percent (25%) of budgeted appropriations. The strategic reserve will provide sufficient working capital (cash flow), fund settlements of legal judgments against the agency in excess of reserves specifically designated for litigation, for natural disasters as determined by the CEO or Policy Board, and for one-time-only budget overruns that could not be addressed through the annual appropriations for contingencies.

If the strategic reserve is utilized to provide temporary funding for unforeseen needs, 3CE shall take the measures necessary to prevent its use in the following fiscal year by increasing revenues and/or decreasing expenditures to regain balance. 3CE shall also restore the strategic reserve to the minimum level of twenty-five percent (25%) of budgeted appropriations within five fiscal years following the fiscal year in which the event occurred. The plan to restore the strategic reserve shall be included and highlighted in the Recommended Budget.

6.4 ENERGY RATE STABILIZATION RESERVE

The agency shall maintain an energy rate stabilization reserve equal to twenty (20%) of the budgeted COE. The energy rate stabilization reserve shall be utilized for large fluctuations in the COE and/or required increased power purchasing needs including regulatory compliance. This reserve may be utilized throughout the fiscal year at the direction of the CEO with subsequent reporting to the Energy Risk Management Committee and the Boards.

6.5 RENEWABLE ENERGY INNOVATION AND INITIATIVES RESERVE

The agency shall maintain a renewable energy innovation and initiatives reserve equal to five percent (5%) of the budgeted COE. This reserve shall be utilized for investments in furtherance of the Boards' goals to accelerate the utilization of 100% clean and renewable energy through the commitment to new or emerging, but scalable, technologies that can address the challenges of an intermittent renewable grid and reduce dependency on fossil fuels for electricity generation.

6.6 CAPITAL INFRASTRUCTURE RESERVE

The agency shall establish a capital infrastructure reserve sufficient to provide for the operation, routine scheduled maintenance, reasonably anticipated unplanned repair, and ultimate replacement costs of 3CE's capital infrastructure, including enterprise software, real estate, and electric generation and storage facilities.

6.7 MEASUREMENT OF RESERVE TARGETS

Due to the nature of the agency's business, the mechanism to fund the four reserves shall be the use of cash, cash equivalents, and short-term investments. The reserves must be liquid and available to ensure the ability to use the reserves for their intended purpose. Market fluctuations, operational continuity, competitive advantage, and regulatory compliance are risks that are mitigated with robust reserves as the agency transitions to a clean and renewable electric grid.

7. Capital Facilities and Improvement Policies

7.1 CAPITAL INVESTMENTS

3CE is responsible for investing in the preservation, maintenance, and improvement of owned assets, including buildings, equipment, and other capital infrastructure.

Projects in excess of \$100,000 that have an estimated useful life of at least five years and are non-recurring are considered capital projects and should be evaluated against other uses and priorities. All capital expenditures should be included in the Adopted Budget or taken to the Policy Board for approval and amendment to the Adopted Budget.

8. Debt Management

Due to its length and complexity, the Debt Management Policy is reviewed by the Policy Board separately from these policies.

3CE Staff Positions Schedule

| Office/Department | Position Title | FY 2023-24 Adopted FTE | FY 2024-25 Recommended FTE | Recommended Change from Adopted |
|--------------------------|--|------------------------|----------------------------|---------------------------------|
| Office of the CEO | Chief Executive Officer | 1 | 1 | - |
| | General Counsel | 1 | 1 | - |
| | Deputy General Counsel | - | 1 | 1 |
| | Clerk of the Board | 1 | 1 | - |
| | (To Be Determined) | 6 | 1 | (5) |
| | Subtotal | | 9 | 5 |
| Administrative Services | Director of Human Resources & Administration | 1 | 1 | - |
| | Executive Assistant | 1 | - | (1) |
| | Human Resources Analyst | - | 1 | 1 |
| | Sr. Administrative Specialist | 1 | 1 | - |
| | Administrative Specialist | 2 | 2 | - |
| | Manager of Information Technology | 1 | 1 | - |
| | Information Technology Specialist | 1 | 1 | - |
| Subtotal | | 7 | 7 | - |
| Total Positions | | 16 | 12 | (4) |

| | | | | |
|--------------------------|---|----------|----------|----------|
| Office of the CFO | Chief Financial Officer | 1 | 1 | - |
| Finance | Director of Finance | 1 | 1 | - |
| | Senior Accountant | 1 | 1 | - |
| | Accountant | 1 | 1 | - |
| | Senior Billing Operations & Rates Analyst | - | 1 | 1 |
| | Billing Operations & Rates Analyst | 1 | 1 | - |
| | Energy Risk Manager | 1 | 1 | - |
| | (To Be Determined) | - | 1 | 1 |
| Total Positions | | 6 | 8 | 2 |

| Office/Department | Position Title | FY 2023-24 Adopted FTE | FY 2024-25 Recommended FTE | Recommended Change from Adopted |
|---------------------------------|---|------------------------|----------------------------|---------------------------------|
| Office of the COO | Chief Operating Officer | 1 | 1 | - |
| Power Supply Resources | Director of Power Supply Resources | 1 | 1 | - |
| | Manager of Energy Trading | 1 | 1 | - |
| | Power Resources & Markets Manager | 1 | 1 | - |
| | Manager of Energy Contracts & Settlements | - | 1 | 1 |
| | Energy Contracts & Compliance Manager | 1 | 1 | - |
| | Power Supply Analyst | 1 | 1 | - |
| | Power Settlement Analyst | - | 2 | 2 |
| | Power Resource Planner | - | 2 | 2 |
| Subtotal (excluding COO) | | 5 | 10 | 5 |
| Regulatory Affairs & Compliance | Director of Regulatory Affairs & Compliance | 1 | 1 | - |
| | Policy Advisor | 2 | 2 | - |
| Subtotal | | 3 | 3 | - |
| Data & Analytics | Director of Data & Analytics | 1 | 1 | - |
| | Data Engineer | 1 | 1 | - |
| | Data Analyst | 1 | 1 | - |
| Subtotal | | 3 | 3 | - |
| Total Positions | | 12 | 17 | 5 |

| | | | | |
|---------------------------------|---|-----------|-----------|----------|
| Office of the CCO | Chief Communications Officer | 1 | 1 | - |
| Communications & Outreach | Director of Communications & Outreach | 1 | 1 | - |
| | Manager of Communications | 1 | 1 | - |
| | Communications Specialist | 2 | 2 | - |
| | Manager of Customer Accounts & Services | 1 | 1 | - |
| | Sr. Customer Accounts Manager | 3 | 3 | - |
| | Customer Accounts Manager | 3 | 3 | - |
| Subtotal (excluding CCO) | | 11 | 11 | - |
| Energy Programs | Director of Energy Programs | 1 | 1 | - |
| | Manager of Energy Programs | 1 | 1 | - |
| | Energy Programs Analyst | 4 | 4 | - |
| | (To Be Determined) | - | 1 | 1 |
| Subtotal | | 6 | 7 | 1 |
| Total Positions | | 18 | 19 | 1 |
| 3CE Grand Total | | 52 | 56 | 4 |

Office Summary

Office of the CEO

The Office of the Chief Executive Officer provides leadership and directs the implementation of 3CE's business functions, programs, and initiatives in accordance with the Policy Board's strategic vision and policies. An integral part of this work involves communication and collaboration with customers and stakeholders, the cultivation of strong relationships with 3CE's Member Agencies, and the facilitation of programs that advance the Boards' goals.

Board Clerk

General Counsel

Administrative Services
Director of Human Resources & Administration

Office of the CEO: Chief Executive Officer

The Chief Executive Officer works to accelerate the adoption of renewable energy resources, overseeing the negotiation of Power Purchase Agreements (PPAs) and ensuring 3CE's plans align with its commitment to environmental stewardship. At its heart, the focus of the executive office is to lead 3CE in a way that serves its customers, empowers its staff, and respects the planet.

FY 2024-25 Budget Summary - Chief Executive Officer

| | Prior Year Actuals 2022-23 | Adopted Budget 2023-24 | Mid-Year Estimate 2023-24 | Requested Budget 2024-25 | Recommended Budget 2024-25 | Recommended Change from Adopted |
|--|----------------------------|------------------------|---------------------------|--------------------------|----------------------------|---------------------------------|
| Salaries and Benefits | 6,193,176 | 922,506 | 855,535 | 1,105,896 | 1,105,896 | 183,390 |
| Services and Supplies | 1,653,070 | 1,897,521 | 1,300,507 | 129,000 | 129,000 | (1,768,521) |
| Total Financing Uses | 7,846,246 | 2,820,027 | 2,156,042 | 1,234,896 | 1,234,896 | (1,585,131) |
| Total Budgeted Change to Net Position | (7,846,246) | (2,820,027) | (2,156,042) | (1,234,896) | (1,234,896) | 1,585,131 |

The Recommended Budget for the CEO totals \$1,234,896, with \$1,105,896 in Salaries and Benefits and \$129,000 in Services and Supplies. Appropriations are \$1.6 million lower than the prior year's budget since the General Counsel was previously housed within the CEO's departmental budget.

FY 2024-25 Budget Summary - Office of the CEO

| | Prior Year Actuals 2022-23 | Adopted Budget 2023-24 | Mid-Year Estimate 2023-24 | Requested Budget 2024-25 | Recommended Budget 2024-25 | Recommended Change from Adopted |
|--|----------------------------|------------------------|---------------------------|--------------------------|----------------------------|---------------------------------|
| Salaries and Employee Benefits | 12,386,029 | 1,964,008 | 1,837,179 | 3,057,255 | 2,919,269 | 955,261 |
| Services and Supplies | 2,204,659 | 2,714,809 | 2,047,866 | 2,763,708 | 2,733,708 | 18,899 |
| Total Financing Uses | 14,590,688 | 4,678,817 | 3,885,045 | 5,820,963 | 5,652,977 | 974,160 |
| Total Budgeted Change to Net Position | (14,590,688) | (4,678,817) | (3,885,045) | (5,820,963) | (5,652,977) | (974,160) |

ACCOMPLISHMENTS

- Led the organization to significant financial achievements, including securing \$32.9 million in savings through the first PPA Prepay deal and diversifying investments to improve financial operations. Guided the development of a single-territory rate that fairly establishes customer rates based on the cost to serve them.
- Oversaw the successful implementation of key operational improvements, such as the leadership development program, and establishment of the Wellness Committee.
- Guided the organization through important energy initiatives, including the implementation of the Project Selection Criteria, deploying a Resource Adequacy procurement strategy, including deploying the hybrid battery options, and establishing an independent energy risk management function.
- Championed the development of advanced data analytics capabilities, including deploying the Data Analytics Hub and the Energy Deals Capture Portal, enhancing decision-making across the organization.
- Spearheaded the development of 3CE's Residential Battery Rebate Program, charger asset initiative and community engagement efforts, including the Customer Insights survey and the development of a comprehensive Outreach & Engagement Plan for new service area enrollments.

FY 2024-25 FOCUS AREAS

- Drive the implementation of a comprehensive Enterprise Resource Planning system to streamline budgeting, financials, and payroll processes across the organization.
- Lead the establishment of a regular cadence for soliciting long-term contracts for clean and renewable energy projects, positioning the organization as a "first mover" in the industry.
- Successfully enroll and support the City of Atascadero and unincorporated San Luis Obispo County through effective communication and community engagement.
- Guide the organization in navigating upcoming regulatory changes, particularly in Resource Adequacy reforms and the new Reliable Clean Power Procurement Program.
- Spearhead initiatives to increase customer participation in energy programs, with a focus on improving accessibility and relevance for disadvantaged and hard-to-reach customers.

Office Summary (continued)

Office of the CEO: General Counsel

The General Counsel Department is responsible for overseeing 3CE’s legal needs, including regulatory issues, contract negotiations, and dispute resolution. The General Counsel also oversees and coordinates contracted special counsel for specific legal engagements, such as power purchase negotiations, regulatory compliance, and litigation.

| FY 2024-25 Budget Summary - General Counsel | | | | | | |
|--|----------------------------|------------------------|---------------------------|--------------------------|----------------------------|---------------------------------|
| | Prior Year Actuals 2022-23 | Adopted Budget 2023-24 | Mid-Year Estimate 2023-24 | Requested Budget 2024-25 | Recommended Budget 2024-25 | Recommended Change from Adopted |
| Salaries and Benefits | - | - | - | 611,504 | 611,504 | 611,504 |
| Services and Supplies | - | - | - | 1,046,000 | 1,046,000 | 1,046,000 |
| Total Financing Uses | - | - | - | 1,657,504 | 1,657,504 | 1,657,504 |
| Total Budgeted Change to Net Position | - | - | - | (1,657,504) | (1,657,504) | (1,657,504) |

The Recommended Budget for the General Counsel totals \$1,657,504, with \$611,504 in Salaries and Benefits and \$1,046,000 in Services and Supplies. Appropriations for the General Counsel were previously housed within the CEO’s departmental budget. The department is managed by the General Counsel and has a total of two staff.

ACCOMPLISHMENTS

- Advised and assisted in drafting new contracts and contract amendments impacting all Offices.
- Advised the Boards on closed session and public agenda items.
- Developed template agreements and advised the Regulatory Affairs and Compliance team on advocacy and comments in CPUC proceedings.
- Managed pending litigation, in coordination with outside counsel.

FY 2024-25 FOCUS AREAS

- Support the agency’s ongoing legal needs, deliver timely and accurate professional services, and provide appropriate recommendations to staff and the Boards.
- Continue to respond to legal requests to assist staff and Boards in achieving their goals and objectives successfully.
- Manage pending litigation, assist in the creation of agency policies, and advise on contracts and regulatory developments impacting the agency.
- Provide all services with competence and integrity.

Office of the CEO: Administrative Services

The Administrative Services Department serves 3CE’s mission and customers by developing, retaining, and enabling a diverse, productive workforce with administrative and technological expertise. It includes human resources (HR), administrative support, enterprise risk management, and information technology (IT).

| FY 2024-25 Budget Summary - Administrative Services | | | | | | |
|---|----------------------------|------------------------|---------------------------|--------------------------|----------------------------|---------------------------------|
| | Prior Year Actuals 2022-23 | Adopted Budget 2023-24 | Mid-Year Estimate 2023-24 | Requested Budget 2024-25 | Recommended Budget 2024-25 | Recommended Change from Adopted |
| Salaries and Benefits | 6,192,853 | 1,041,502 | 981,644 | 1,339,855 | 1,201,869 | 160,367 |
| Services and Supplies | 551,589 | 817,288 | 747,359 | 1,588,708 | 1,558,708 | 741,420 |
| Total Financing Uses | 6,744,442 | 1,858,790 | 1,729,003 | 2,928,563 | 2,760,577 | 901,787 |
| Total Budgeted Change to Net Position | (6,744,442) | (1,858,790) | (1,729,003) | (2,928,563) | (2,760,577) | (901,787) |

The Recommended Budget for the Administrative Services Department totals \$2,760,577, with \$1,201,869 in Salaries and Benefits and \$1,558,708 in Services and Supplies. The increase in personnel costs is due to filling previously vacant positions and funding for the Future Leadership Development Program. Increases in Services and Supplies primarily result from agencywide staff trainings, building maintenance previously budgeted under the Finance Department, and funding for a potential Climate Fellowship program. The department is managed by the Director of Human Resources & Administration and has a total of seven staff.

ACCOMPLISHMENTS

- Implemented a future leadership development program that includes individual development plans identifying activities to continue building leadership competencies.
- Successfully established the Wellness Committee that recommends year-round wellness initiatives for 3CE staff.
- Implemented training and technological solutions to automate and improve HR and IT business processes.
- Completed a security assessment on 3CE’s IT systems and network.

FY 2024-25 FOCUS AREAS

- Customize the HR cloud-based platform to include mandatory and ongoing training to streamline processes and ensure Federal and State compliance.
- Implement recommended improvements to the agency’s cybersecurity posture.
- Continued development of a robust training program for supervisors and managers.

Office Summary (continued)

Office of the CFO

Director of Finance

Energy Risk Manager

The Office of the Chief Financial Officer (CFO) performs critical Finance and Energy Risk functions. The CFO oversees all aspects of financial planning and budgeting, financial reporting and analysis, energy risk management, treasury and revenue management, internal controls and compliance, cost management, financial strategy, and decision support for the Chief Executive Officer. The Office also staffs the Audit and Finance Committee and is appointed to the Energy Risk Committee.

The Recommended Budget for the Office of the CFO totals \$31,042,878, with \$1,975,955 in Salaries and Benefits, \$11,748,923 in Services and Supplies, and \$17,318,000 in Capital Assets. The increase in personnel costs is largely due to the addition of one new position to provide analytical support in energy risk management and the reallocation of a rates and billing position that was previously budgeted under the Office of the CEO. The increases in Services and Supplies will reflect the reallocation of outsourced customer billing data management and IOU services fees from the Data & Analytics Department. The \$17.3 million in Capital Assets is comprised of capital expenditures funded by the Capital Infrastructure Reserve to purchase two office buildings in Monterey and Santa Cruz, fleet vehicle purchases, and implementation costs for agency software.

The Recommended Budget includes \$7,068,400 in estimated revenue from interest income on self-managed investments and rental income from the San Luis Obispo office building. The increase in estimated revenue is modest due to projections that interest rates may decrease throughout the fiscal year. The Office has a total of eight staff.

| FY 2024-25 Budget Summary - Office of the CFO | | | | | | |
|---|----------------------------|------------------------|---------------------------|--------------------------|----------------------------|---------------------------------|
| | Prior Year Actuals 2022-23 | Adopted Budget 2023-24 | Mid-Year Estimate 2023-24 | Requested Budget 2024-25 | Recommended Budget 2024-25 | Recommended Change from Adopted |
| Interest and Investment Returns | 8,184,122 | 6,400,000 | 9,952,050 | 7,000,000 | 7,000,000 | 600,000 |
| Other Income | 2,200,969 | - | - | - | - | - |
| Rental Income | - | - | 42,996 | 68,400 | 68,400 | 68,400 |
| Sub-Total Revenues | 10,385,091 | 6,400,000 | 9,995,046 | 7,068,400 | 7,068,400 | 668,400 |
| Capital Infrastructure Reserve | - | - | - | 17,318,000 | 17,318,000 | 17,318,000 |
| Total Financing Sources | 10,385,091 | 6,400,000 | 9,995,046 | 24,386,400 | 24,386,400 | 17,986,400 |
| Salaries and Benefits | 1,242 | 1,504,193 | 1,507,963 | 2,121,202 | 1,975,955 | 471,762 |
| Services and Supplies | 945,118 | 3,902,488 | 3,985,158 | 11,750,923 | 11,748,923 | 7,846,435 |
| Capital Assets | 418,568 | - | 332,166 | 17,318,000 | 17,318,000 | 17,318,000 |
| Total Financing Uses | 1,364,928 | 5,406,681 | 5,825,287 | 31,190,125 | 31,042,878 | 25,636,197 |
| Total Budgeted Change to Net Position | 9,020,163 | 993,319 | 4,169,759 | (6,803,725) | (6,656,478) | (7,649,797) |

ACCOMPLISHMENTS

- Issued 3CE's first Power Purchase Agreement (PPA) Prepay deal, securing \$32.9 million in savings over seven years.
- Developed the 2025 rate structure methodology, which utilizes a single rate structure across 3CE's service area (regardless of IOU) that ensures revenues are sufficient to recover costs to serve our customers.
- Transitioned investments to self-directed brokerage accounts and diversified banking institutions to improve financial operations and management.
- Created and filled the Energy Risk Manager position, improving agency management of market risks.
- Implemented active counterparty collateral monitoring and management.

FY 2024-25 FOCUS AREAS

- Present the agency's financial position to inform S&P's review of 3CE's "A" Credit Rating.
- Implement a comprehensive Enterprise Resource Planning system for budgeting, financials, and payroll.
- Design and implement an annual ratemaking process to ensure operational costs and reserves are covered by revenues.
- Develop a revised collections policy to reduce debt write-offs.
- Create a comprehensive billing process to support 3CE's participation in the Hourly Flex Pricing Pilot.
- Continue to enhance the Energy Deals Capture Portal to manage market, credit, and operational risks.

Office Summary (continued)

Office of the COO

Director of Power Supply Resources

Director of Regulatory Affairs & Compliance

Director of Data Analytics

The Office of the Chief Operating Officer leads three departments: Power Supply Resources, Regulatory Affairs & Compliance, and Data & Analytics. The Office focuses on ensuring compliance with industry regulations and operationalizing 3CE's adopted goal of serving 100% of retail sales with clean and renewable electricity.

The Chief Operating Officer is tasked with securing affordable clean and renewable electricity for 3CE customers, navigating and working to shape the regulatory environment in which 3CE operates, ensuring compliance with regulations, and managing and analyzing the large amount of data associated with serving our customers.



FY 2024-25 Budget Summary - Office of the COO

| | Prior Year Actuals 2022-23 | Adopted Budget 2023-24 | Mid-Year Estimate 2023-24 | Requested Budget 2024-25 | Recommended Budget 2024-25 | Recommended Change from Adopted |
|--|----------------------------|------------------------|---------------------------|--------------------------|----------------------------|---------------------------------|
| Electricity Sales | 450,713,404 | 556,433,447 | 551,405,974 | 745,962,356 | 745,962,356 | 189,528,908 |
| Total Financing Sources | 450,713,404 | 556,433,447 | 551,405,974 | 745,962,356 | 745,962,356 | 189,528,908 |
| Cost of Energy | 398,746,769 | 520,297,514 | 538,515,199 | 665,267,116 | 665,267,116 | 144,969,602 |
| Salaries and Benefits | 3,511 | 2,831,689 | 2,472,341 | 4,267,691 | 4,049,858 | 1,218,169 |
| Services and Supplies | 7,772,205 | 9,112,507 | 8,708,263 | 3,351,114 | 3,327,114 | (5,785,393) |
| Total Financing Uses | 406,522,485 | 532,241,710 | 549,695,803 | 672,885,921 | 672,644,088 | 140,402,378 |
| Total Budgeted Change to Net Position | 44,190,919 | 24,191,738 | 1,710,171 | 73,076,435 | 73,318,268 | 49,126,530 |

Office Summary (continued)

Office of the COO: Power Supply Resources

The Power Supply Resources Department secures competitively priced, reliable, clean and renewable electricity for 3CE customers through short-term and long-term contracting with the aim of increasing cost certainty and meeting all regulatory procurement obligations.

Power Supply Resources staff operate within a dynamic and often volatile energy market. Energy prices are prone to unpredictable and significant changes. In addition, regulatory and legislative changes can result in structural alterations to energy markets, price levels, and procurement requirements. 3CE adheres to its Energy Risk Management Policy to mitigate these risks and create rate stability while aggressively working to attain clean and renewable generation resources.

| FY 2024-25 Budget Summary - Power Supply Resources | | | | | | |
|--|----------------------------|------------------------|---------------------------|--------------------------|----------------------------|---------------------------------|
| | Prior Year Actuals 2022-23 | Adopted Budget 2023-24 | Mid-Year Estimate 2023-24 | Requested Budget 2024-25 | Recommended Budget 2024-25 | Recommended Change from Adopted |
| Electricity Sales | 450,713,404 | 556,433,447 | 551,405,974 | 745,962,356 | 745,962,356 | 189,528,908 |
| Total Financing Sources | 450,713,404 | 556,433,447 | 551,405,974 | 745,962,356 | 745,962,356 | 189,528,908 |
| Cost of Energy | 398,746,769 | 520,297,514 | 538,515,199 | 665,267,116 | 665,267,116 | 144,969,602 |
| Salaries and Benefits | 3,040 | 1,649,598 | 1,512,953 | 3,055,954 | 2,838,121 | 1,188,523 |
| Services and Supplies | 2,187,017 | 1,397,478 | 1,140,979 | 1,944,009 | 1,920,009 | 522,531 |
| Total Financing Uses | 400,936,826 | 523,344,590 | 541,169,131 | 670,267,079 | 670,025,246 | 146,680,656 |
| Total Budgeted Change to Net Position | 49,776,578 | 33,088,858 | 10,236,843 | 75,695,277 | 75,937,110 | 42,848,252 |

The Recommended Budget for the Power Supply Resources Department totals \$670,025,246, including \$665,267,116 in Cost of Energy, \$2,838,121 in Salaries and Benefits, and \$1,920,009 in Services and Supplies. Cost of Energy is estimated to be \$144,969,602 higher than last year, primarily driven by increased requirements for Renewable Energy Certificates (RECs) and Resource Adequacy (RA) as well as energy required to meet the added load from the enrollment of our two new member communities in 2025. The \$1.2 million increase in Salaries and Benefits is primarily due to the addition of five new positions in Power Supply Resources to assist with power settlement and resource planning duties. The \$0.5 million increase in Services and Supplies compared to the prior year is from further involvement with California Community Power (CC Power), as 3CE works with other CCAs to procure new, cost-effective clean energy and reliability resources.

The Recommend Budget also includes \$745,962,356 in estimated revenues from the net sale of energy. The \$189.5 million increase results from a recommended adjustment to generation rates across all customer classes to meet 3CE's expenditures and continue to build reserves. The Power Supply Resources Department is managed by the Director of Power Supply Resources and has a total of 10 staff.

ACCOMPLISHMENTS

- Implemented the Project Selection Criteria adopted by the Policy Board in June 2023 in 3CE's 2024 Clean and Reliable Energy Request for Proposals (RFP), conducting qualitative assessments of projects to ensure best fit for 3CE's project portfolio and community values.
- Amended four Power Purchase Agreements (PPAs) to ensure the continued development of projects important to achieving agency procurement goals.
- In alignment with Board strategy, secured necessary short-term Resource Adequacy (RA) contracts for the coming year, and long-term RA contracts to provide greater cost certainty and rate stability.
- Established partnerships with new outside scheduling coordinator and Battery Energy Storage System (BESS) optimization vendors, bringing extensive CAISO market experience and cost benefits to 3CE operations and customers.

FY 2024-25 FOCUS AREAS

- Establish a regular cadence for the solicitation of long-term contracts for clean and renewable energy projects to gain "first mover" investment advantage.
- Collaborate with industry partners and regulators on upcoming reforms to RA, including the new Slice of Day paradigm.
- Partner with contracted developers to ensure the viability of new projects in an interconnection and supply-chain-challenged environment.



Office Summary (continued)

Office of the COO: Regulatory Affairs & Compliance

The Regulatory Affairs and Compliance Department engages regulatory bodies with jurisdiction over 3CE and the markets in which it operates and ensures compliance with all regulatory obligations. The department contributes to statewide planning, reliability, and renewable goals through Integrated Resource Planning, Mid-Term Reliability, Resource Adequacy, Renewable Portfolio Standards, and the Supplier Diversity Program. Regulatory Affairs and Compliance staff actively participate in rule-making proceedings before the California Public Utilities Commission (CPUC) concerning rates, affordability, and payment assistance programs.

| FY 2024-25 Budget Summary - Regulatory Affairs & Compliance | | | | | | |
|---|----------------------------|------------------------|---------------------------|--------------------------|----------------------------|---------------------------------|
| | Prior Year Actuals 2022-23 | Adopted Budget 2023-24 | Mid-Year Estimate 2023-24 | Requested Budget 2024-25 | Recommended Budget 2024-25 | Recommended Change from Adopted |
| Salaries and Benefits | 136 | 571,161 | 424,656 | 588,211 | 588,211 | 17,050 |
| Services and Supplies | 594,570 | 786,805 | 667,442 | 1,014,105 | 1,014,105 | 227,300 |
| Total Financing Uses | 594,706 | 1,357,966 | 1,092,098 | 1,602,316 | 1,602,316 | 244,350 |
| Total Budgeted Change to Net Position | (594,706) | (1,357,966) | (1,092,098) | (1,602,316) | (1,602,316) | (244,350) |

The Recommended Budget for Regulatory Affairs & Compliance totals \$1,602,316, with \$588,211 in Salaries and Benefits and \$1,014,105 in Services and Supplies. The increase in appropriations is driven by growth in the number and complexity of regulatory proceedings affecting the agency. The Department is managed by the Director of Regulatory Affairs & Compliance and has a total of three staff.

ACCOMPLISHMENTS

- Successfully advocated for the integration of CCAs into CPUC-approved programs, including the Bioenergy Market Adjusting Tariff (BioMAT) program.
- Submitted over 60 filings to key regulatory bodies, receiving commendation from the CPUC staff for the Annual Supplier Diversity Report, which highlights 3CE's investments in small, local, and disadvantaged businesses.

FY 2024-25 FOCUS AREAS

- Continue to engage in regulatory policy discussions to expedite the integration of new resources and optimize load-shifting strategies in alignment with 3CE's goal of supplying 100% clean and renewable energy to meet retail sales.
- Complete and submit the 2025 Integrated Resource Plan and narrative.
- Monitor and implement the CPUC's new Reliable Clean Power Procurement Program.

Office of the COO: Data & Analytics

The Data & Analytics Department oversees 3CE's extensive customer usage and transaction data for more than 515,000 projected accounts, providing strategic analysis to inform business decisions. The department's primary objective is to empower the organization with information and insights, and to create a consolidated data environment affording increased visibility into agency operations.

| FY 2024-25 Budget Summary - Data & Analytics | | | | | | |
|--|----------------------------|------------------------|---------------------------|--------------------------|----------------------------|---------------------------------|
| | Prior Year Actuals 2022-23 | Adopted Budget 2023-24 | Mid-Year Estimate 2023-24 | Requested Budget 2024-25 | Recommended Budget 2024-25 | Recommended Change from Adopted |
| Salaries and Benefits | 335 | 610,930 | 534,732 | 623,526 | 623,526 | 12,596 |
| Services and Supplies | 4,990,618 | 6,928,224 | 6,899,842 | 393,000 | 393,000 | (6,535,224) |
| Total Financing Uses | 4,990,953 | 7,539,154 | 7,434,574 | 1,016,526 | 1,016,526 | (6,522,628) |
| Total Budgeted Change to Net Position | (4,990,953) | (7,539,154) | (7,434,574) | (1,016,526) | (1,016,526) | 6,522,628 |

The Recommended Budget for the Data & Analytics Department totals \$1,016,526, with \$623,526 in Salaries and Benefits and \$393,000 in Services and Supplies. This represents a budget decrease compared to the prior year due to the reallocation of customer billing data management and IOU services fees to the Finance Department. The Data & Analytics Department is managed by the Director of Data & Analytics and has a total of three staff.

ACCOMPLISHMENTS

- Deployed the Data Analytics Hub, which is built from 3CE's internal Data Warehouse and includes dashboards and reporting tools supporting multiple agency departments.
- Completed the Energy Deals Capture Portal to improve the visibility of Power Purchase Agreements and their energy contributions.
- Integrated diverse data sources, including energy price forward data and Salesforce customer relationship management data to further enrich analytics.
- Launched Customer Insights and Power Supply dashboards to enhance customer relationships and provide a clear view of energy use patterns.

FY 2024-25 FOCUS AREAS

- Automate the population of PPA data into the Energy Deals Capture Portal.
- Develop a robust system of record to ensure consistency in Key Performance Indicator (KPI) and metrics tracking.
- Incorporate Customer Relationship Management (CRM) data into the 3CE Data Warehouse to enhance insights across departments and support increased participation in 3CE programs.

Office Summary (continued)

Office of the CCO

Director of Energy Programs

Director of Communications & Outreach

The Office of the Chief Communications Officer (CCO) is responsible for establishing and maintaining meaningful relationships between 3CE and its member communities. The departments of Communications & Outreach and Energy Programs fall within this office, which is responsible for customer communications, community relations, legislative affairs, and the development and implementation of energy programs to result in impactful investment into 3CE's communities.

The Communications & Outreach and Energy Programs departments collaborate to promote a wide range of energy programs tailored to the needs of residents, businesses, and local governments. The Office of the Chief Communications Officer aims to foster trust and understanding by demonstrating the value of 3CE programs in promoting affordability, environmental stewardship, and public participation.

FY 2024-25 Budget Summary - Office of the CCO

| | Prior Year Actuals 2022-23 | Adopted Budget 2023-24 | Mid-Year Estimate 2023-24 | Requested Budget 2024-25 | Recommended Budget 2024-25 | Recommended Change from Adopted |
|--|----------------------------|------------------------|---------------------------|--------------------------|----------------------------|---------------------------------|
| Miscellaneous Income | 155,868 | - | 44,132 | - | - | - |
| Total Financing Sources | 155,868 | - | 44,132 | - | - | - |
| Salaries and Benefits | 2,663 | 3,237,186 | 2,971,580 | 3,640,759 | 3,640,759 | 403,573 |
| Services and Supplies | 10,803,776 | 17,269,054 | 11,975,553 | 17,384,054 | 17,368,054 | 99,000 |
| Total Financing Uses | 10,806,439 | 20,506,240 | 14,947,133 | 21,024,813 | 21,008,813 | 502,573 |
| Total Budgeted Change to Net Position | (10,650,571) | (20,506,240) | (14,903,001) | (21,024,813) | (21,008,813) | (502,573) |



Office Summary (continued)

Office of the CCO: Communications & Outreach

The Communications & Outreach Department acts as a customer advocate by building relationships and engaging in community outreach to help inform the public's energy-related decisions and reduce regional emissions. Through print, broadcast, and digital media, participation in events, and partnerships with community-based organizations (CBOs), the department works to promote access and awareness among all customers and to encourage choices that contribute to regional sustainability.

Over the past year, the Communications & Outreach Department extended its reach across the diverse communities served by 3CE. This reflects the agency's commitment to fostering understanding of the benefits of clean energy and to engaging with communities by providing excellent service and communicating 3CE's mission, progress, and value.

| FY 2024-25 Budget Summary - Communications & Outreach | | | | | | |
|---|----------------------------|------------------------|---------------------------|--------------------------|----------------------------|---------------------------------|
| | Prior Year Actuals 2022-23 | Adopted Budget 2023-24 | Mid-Year Estimate 2023-24 | Requested Budget 2024-25 | Recommended Budget 2024-25 | Recommended Change from Adopted |
| Salaries and Benefits | 2,017 | 2,017,719 | 2,035,013 | 2,363,206 | 2,363,206 | 345,487 |
| Services and Supplies | 1,296,390 | 1,678,691 | 1,523,258 | 1,793,691 | 1,777,691 | 99,000 |
| Total Financing Uses | 1,298,407 | 3,696,410 | 3,558,271 | 4,156,897 | 4,140,897 | 444,487 |
| Total Budgeted Change to Net Position | (1,298,407) | (3,696,410) | (3,558,271) | (4,156,897) | (4,140,897) | (444,487) |

The Recommended Budget for the Communication & Outreach Department totals \$4,140,897, with \$2,363,206 in Salaries and Benefits and \$1,777,691 in Services and Supplies. Appropriations increased compared to the prior year due to filling personnel vacancies. The Recommended Budget also includes additional funding for enrollment outreach efforts and more engagement with local and state associations. The Department is managed by the Director of Communications & Outreach and has a total of 11 staff.

ACCOMPLISHMENTS

- Led a robust community engagement effort to inform the next phase of outreach to underserved communities and developed an improved, prioritized workplan.
- Conducted a Customer Insights survey throughout 3CE's service area to gain a better understanding of the values and priorities of customers.
- Developed a comprehensive Outreach & Engagement Plan for the enrollment of the City of Atascadero and the County of San Luis Obispo.
- Gathered community input and facilitated its integration into the development of 3CE's Net Billing Tariff, Battery Incentive Program, and annual ratemaking process.

FY 2024-25 FOCUS AREAS

- Facilitate the successful enrollment of customers in the City of Atascadero and the unincorporated regions of San Luis Obispo County through best-in-class communications and community engagement.
- Further the full implementation of the Underserved Communities Outreach and Engagement Plan by completing all items contained in the supplemental FY 2024-25 Action Plan approved by the Policy Board in June 2024.
- Innovate and develop compelling and simplified messaging that speaks plainly to customers in all communications collateral. Strive for communications that are culturally and linguistically appropriate.
- Develop partnerships with Community Based Organizations (CBOs) to amplify the reach and improve the efficacy of outreach and communications efforts.

Office of the CCO: Energy Programs

The Energy Programs Department promotes regional climate action through effective and broadly accessible energy programs, which focus on electrifying transportation, buildings, agriculture, and on demand-side management. 3CE's energy programs provide incentives and technical assistance to customers to empower them to take action to reduce greenhouse gas emissions by switching from-fossil-fuel burning vehicles, equipment, and appliances to clean, all-electric versions.

| FY 2024-25 Budget Summary - Energy Programs | | | | | | |
|--|----------------------------|------------------------|---------------------------|--------------------------|----------------------------|---------------------------------|
| | Prior Year Actuals 2022-23 | Adopted Budget 2023-24 | Mid-Year Estimate 2023-24 | Requested Budget 2024-25 | Recommended Budget 2024-25 | Recommended Change from Adopted |
| Miscellaneous Income | 155,868 | - | 44,132 | - | - | - |
| Total Financing Sources | 155,868 | - | 44,132 | - | - | - |
| Salaries and Benefits | 646 | 1,219,467 | 936,567 | 1,277,553 | 1,277,553 | 58,086 |
| Services and Supplies | 9,507,386 | 15,590,363 | 10,452,295 | 15,590,363 | 15,590,363 | - |
| Total Financing Uses | 9,508,032 | 16,809,830 | 11,432,994 | 16,867,916 | 16,867,916 | 58,086 |
| Total Budgeted Change to Net Position | (9,352,164) | (16,809,830) | (11,388,862) | (16,867,916) | (16,867,916) | (58,086) |

The Recommended Budget for the Energy Programs Department totals \$16,867,916, with \$1,277,553 in Salaries and Benefits and \$15,590,363 in Services and Supplies, including incentive budgets and program implementation and administration support services. The department is managed by the Director of Energy Programs and has a total of seven staff.

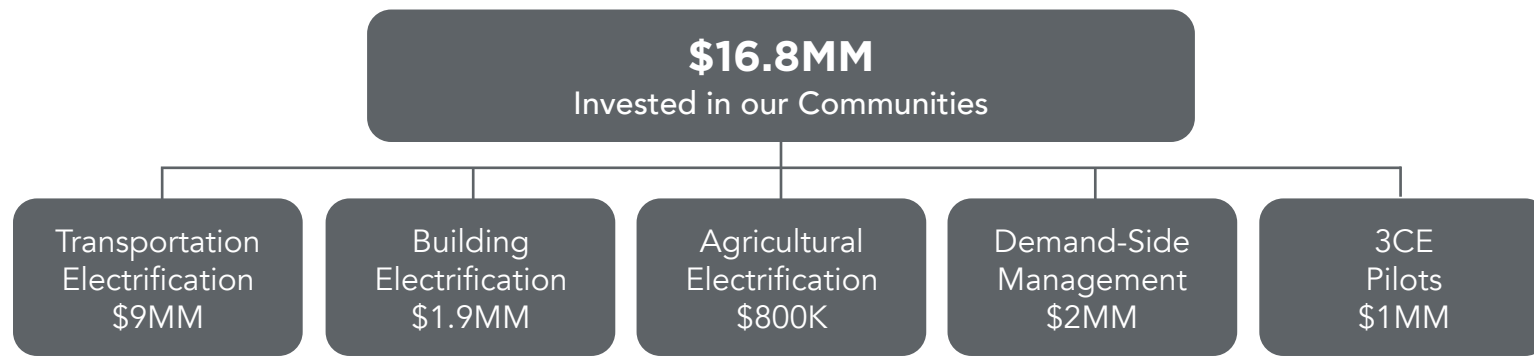
ACCOMPLISHMENTS

- Increased customer participation in 3CE energy programs.
- Launched behind-the-meter Residential Battery Rebate Program
- Initiated the planning phase for the Vehicle Charger Asset Ownership pilot program.
- Launched a new customer relationship management system, avoiding a program shutdown during the transition to a new fiscal year.

FY 2024-25 FOCUS AREAS

- Further customer participation and emission reduction impacts of existing energy programs.
- Complete the construction phase of the 3CE Electric Vehicle Charger Asset Pilot.
- Explore non-residential Demand-Response Pilot with battery storage and grid support capabilities.
- Examine program barriers and relevancy for disadvantaged and hard-to-reach customers. Identify and implement program design improvements to further promote adoption in these areas.

Energy Programs 2024-25 Overview



3CE is dedicated to investing in communities served through a portfolio of energy programs. The incentives offered through these programs support all 3CE customers to transition their homes, workplaces, and transportation from fossil-fuel power to clean-energy solutions.

TRANSPORTATION ELECTRIFICATION

The **Electrify Your Ride** Program provides residential and commercial customers with a “one-stop-shop” for transportation electrification rebates to purchase Electric Vehicles (EVs) and install EV infrastructure, and offers technical support to multifamily and commercial property owners in planning and building EV infrastructure at their project sites.

2024-25 INCENTIVE BUDGET: \$4.1 MILLION – over 2,000 distinct applications

The **Electric Bus** Program provides customers with incentives for the purchase or lease of all-electric school buses, agricultural worker transport, and public transit buses.

2024-25 INCENTIVE BUDGET: \$1.4 MILLION – over 10 e-buses

The **Plan Your Fleet** Program provides 3CE Member Agencies technical assistance to accelerate fleet electrification through support services including fleet replacement planning, project design and engineering, EV charging recommendations, and funding plans.

2024-25 BUDGET: \$650,000 – 10 Member Agencies

The **Electrify Your Fleet** Program provides 3CE Member Agencies with incentives for the purchase or lease of light, medium, and heavy-duty Electric Vehicles.

2024-25 INCENTIVE BUDGET: \$1.1 MILLION

The **Charge Your Fleet** Program provides 3CE Member Agencies with incentives for the purchase and installation of Level 3 DC Fast Chargers.

2024-25 INCENTIVE BUDGET: \$1 MILLION

The **Grant** Programs provided Member Agencies and both residential and commercial customers with grants for planning, implementation, and innovation projects in electrification and energy. Grant funding included the California Electric Vehicle Infrastructure Project (CALeVIP), which was implemented by the Center for Sustainable Energy to incentivize the purchase and installation of EV charging equipment for 3CE customers in the South Central Coast and Central Coast cycles of CALeVIP. The grant programs were discontinued, and the budget is allocated to fund prior-year recipients with ongoing projects.

2024-25 INCENTIVE BUDGET: \$735,000

BUILDING ELECTRIFICATION

The **Electrify Your Home** Program, in partnership with TECH Clean California, provides incentives to local contractors for the replacement of gas appliances with electric heat-pump appliances for residential and multifamily 3CE customers.

2024-25 INCENTIVE BUDGET: \$720,000 – Over 400 distinct applications

The **New Construction Electrification** Program provides residential, multifamily, and agricultural housing developers with incentives to build all-electric housing.

2024-25 INCENTIVE BUDGET: \$1 MILLION

The **Reach Code** Program provides technical assistance and stakeholder engagement support to help cities and counties adopt and implement building and transportation electrification codes more advanced than those required by the state.

2024-25 BUDGET: \$150,000

AGRICULTURE ELECTRIFICATION

The **Ag Electrification** Program provides rebates for the purchase of all-electric equipment to commercial businesses that are in, or that directly support, the agricultural industry in 3CE territory. The program also provides technical assistance for customers interested in building EV infrastructure at their agricultural sites.

2024-25 INCENTIVE BUDGET: \$800,000 – over 20 applications

NEW FOR FY 2024-25

3CE PILOTS

The **EV Charger Asset** Pilot will deploy a phased ownership program that enables 3CE-owned Level 2 and DC Fast Charger operations across 3CE community resilience hubs, corridor charging, and Member Agency sites. The scope and goals will be refined as 3CE further develops the pilot.

2024-25 BUDGET: \$700,000

The **Hourly Flex Pricing** Pilot will, in partnership with Polaris, incentivize pumping automation and transactive pricing system services to 3CE’s customers in the agricultural sector. The scope and goals will be refined as 3CE further develops the pilot.

2024-25 BUDGET: \$100,000

The **Demand Response** Pilot will reduce energy usage during periods of high grid stress and improve grid stability by rewarding 3CE customers for modifying their energy consumption. The pilot will include incentivizing battery storage at a commercial scale with a distributed Energy Resource Management System (DERMS) for optimized operation.

2024-25 BUDGET: \$200,000

DEMAND SIDE MANAGEMENT

Launched in July 2024, the **Residential Battery Rebate** Program provides incentives to 3CE customers for the purchase and installation of residential, behind-the-meter battery systems.

2024-25 INCENTIVE BUDGET: \$2 MILLION – over 400 distinct applications

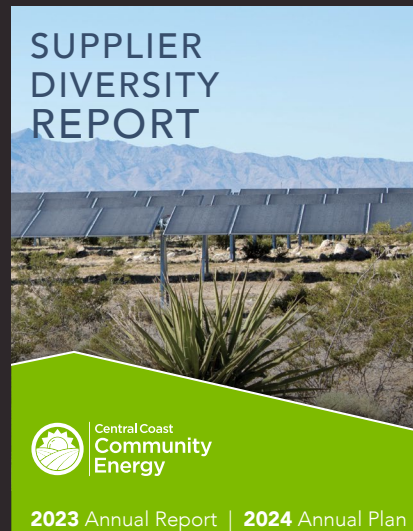
Interested in exploring the incentives available to 3CE customers? Scan the QR Code to learn more! 3Cenergy.org/rebates-incentives



Year-at-a-Glance 2023-24

REGULATORY & LEGISLATIVE

Two major regulatory filings



The Annual Supplier Diversity Report receives top marks. Per the CPUC, “If we did rankings on community outreach, 3CE would be number one”

The Load Management Standards Compliance Plan identifies pathways to meeting the California Energy Commission’s Load Management Standards, developed to support demand flexibility and contribute to the state’s climate policy goals

30+ Active proceedings

Regulatory staff monitored and participated in more than 30 active proceedings spanning three regulatory bodies, including proceedings related to utility ratemaking, resource adequacy, and greenhouse gas reduction planning

FINANCE

\$10MM in returns

after bringing investment management in-house

\$33MM in savings

over seven years by issuing first PPA Prepay deal



ENERGY PROGRAMS TEAM

First Battery Rebate Program

The Residential Battery Rebate Program provides incentives for the purchase and installation of home batteries, helping customers manage energy consumption and lower costs

More all-electric, affordable housing projects for healthier living

Tabasa Gardens, a 53-unit affordable housing development in Watsonville, will utilize all-electric appliances for healthier indoor air, thanks to 3CE’s rebates and partnership with Eden Housing



In Buellton, 50 clean-air affordable housing units with all-electric appliances will house low-income senior citizens, senior veterans, thanks in part to 3CE rebates and the Cabrillo Economic Development Corporation

COMMUNICATIONS

Earned media, storytelling build trust, bolster advertising campaigns

The Residential Battery Rebate Program launch reached its maximum potential by combining media coverage with paid advertising. Video collaborations with customers and stakeholders produce documentary-style advertisements that build trust, raise awareness, and promote energy programs



POWER SUPPLY RESOURCES

Powerful progress

California’s grid was powered by renewables for at least several minutes a day for 100 days – affirming that agencies like 3CE are making our grid cleaner and more reliable

EMISSIONS

410,000 metric tons of CO2 emission reduction from PPAs

Equivalent to greenhouse gas emissions from 97,581 gasoline-powered vehicles driven for a year



OUTREACH

16 Farmworker outreach events

Working with local, Spanish-language radio stations and farm managers enables staff to meet an important community of customers where they are



OPERATIONS

Expanding our reach and footprint

Purchased office space in San Luis Obispo

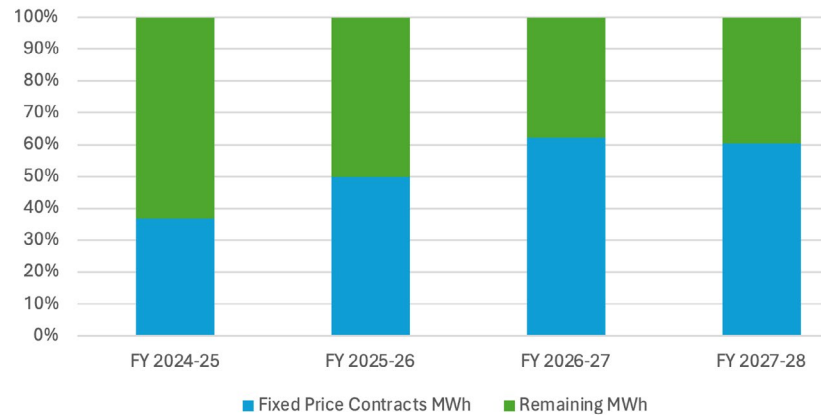
Moved from 36% vacancy rate to fully staffed

Energy Market Outlook and Power Purchase Agreements

A Power Purchase Agreement (PPA) is a contract between two parties, typically a renewable energy developer (such as a solar or wind farm) and an electricity consumer (such as a load-serving entity like 3CE). In a PPA, the developer agrees to generate and deliver a certain amount of renewable energy to 3CE over a specified period, while the agency commits to purchasing that energy at an agreed-upon price. 3CE enters PPAs for several reasons, including commitment to renewable energy goals, risk mitigation, hedging against energy price volatility, promotion of renewable energy market growth, regulatory compliance, and promoting local economic development.

3CE continues to work collaboratively with developers to bring new clean-energy resources onto the CAISO grid to serve our customers. Challenges with long interconnection completion times and supply-chain delays continue to plague the California grid and delay our ability to bring these projects online. 3CE continues to work with its contracted developers as well as with CAISO staff, regulators, and lawmakers to ensure these challenges are addressed in a timely manner to ensure meaningful progress toward California’s clean energy goals.

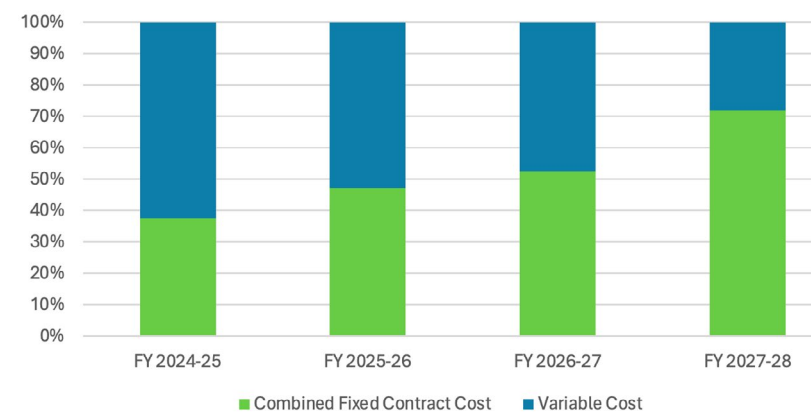
Fixed-Price Contracts vs. Retail Sales (MWh)



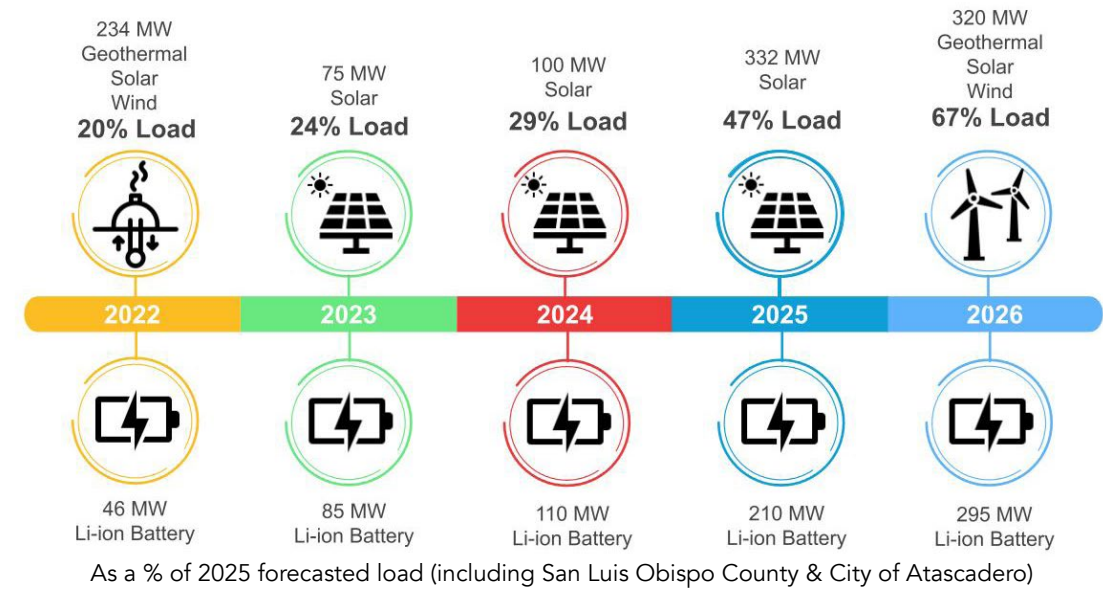
The graph at left depicts, as a percentage of total retail sales (MWh), how much of 3CE’s load is served by long-term renewable contracts with fixed prices. As new resources are brought onto the grid on 3CE’s behalf, a larger percentage of our load is served by these renewable sources.

Fixed-price contracts as a percentage of total cost exhibit how much of 3CE’s cost of energy is made up of fixed-price contracted costs. As more of 3CE’s load is served by long-term renewable contracts, its cost of energy will be less exposed to variable costs and market volatility. This creates price certainty for 3CE’s customers and allows for the continued provision of clean and renewable energy to these customers for the foreseeable future.

Fixed-Price Contracts vs. Variable Costs (as a % of \$)



Pathway to 100% Clean and Renewable



| PPA | Technology | Renewable MW | Storage MW | MWh | % of Load | Online Date (Actual or Expected) | Term in Years |
|-----------------------------|--------------------|--------------|------------|------------------|------------|----------------------------------|---------------|
| Coso Geothermal | Geothermal | 66.3 | | 570,000 | 10% | 1/1/2022 | 15 |
| Slate | PV + BESS | 67.5 | 33.8 | 187,000 | 3% | 3/3/2022 | 17 |
| Mammoth Casa Diablo IV | Geothermal | 7.0 | | 57,000 | 1% | 7/14/2022 | 10 |
| Mountain View Wind | Wind | 33.3 | | 128,500 | 2% | 7/26/2022 | 20 |
| Rabbitbrush | Solar + Storage | 60.0 | 12 | 178,000 | 3% | 10/18/2022 | 15 |
| Yellow Pine | Solar + Storage | 75.0 | 39 | 240,000 | 4% | 7/26/2023 | 20 |
| Victory Pass | Solar + Storage | 100.0 | 25 | 301,000 | 5% | 3/29/2024 | 15 |
| RPCA Storage 1 | Standalone Storage | | 10 | N/A | N/A | 3/31/2025 | 20 |
| Aratina | Solar + Storage | 120.0 | 75 | 394,000 | 7% | 6/1/2025 | 20 |
| San Luis West | Solar + Storage | 62.5 | 15.6 | 157,300 | 3% | 12/31/2025 | 20 |
| Atlas | Solar Only | 150.0 | | 457,000 | 8% | 12/31/2025 | 10 |
| Ormat Portfolio (CC Power) | Geothermal | 22.4 | | 187,000 | 3% | 3/1/2026 | 20 |
| OME Fish Lake (CC Power) | Geothermal | 2.4 | | 20,000 | 0% | 3/1/2026 | 20 |
| SunZia | Wind | 205 | | 647,000 | 12% | 9/30/2026 | 15 |
| Angela | Solar + Storage | 20 | 10 | 56,000 | 1% | 11/1/2026 | 15 |
| Jasmine | Solar + Storage | 70 | 64.4 | 206,000 | 4% | 11/11/2026 | 10 |
| Bodega Energy Storage | Standalone Storage | | 10 | N/A | N/A | 6/1/2027 | 20 |
| Gabriel Storage | Standalone Storage | | 125 | N/A | N/A | 6/1/2027 | 15 |
| Green Valley Energy Storage | Standalone Storage | | 16 | N/A | N/A | 6/1/2027 | 20 |
| Rava Mesa Energy Storage | Standalone Storage | | 6 | N/A | N/A | 6/1/2027 | 20 |
| Willow Rock | Standalone Storage | | 200 | N/A | N/A | 6/1/2027 | 25 |
| TOTAL | | 1,061 | 642 | 3,785,800 | 67% | | |



Glossary

| | |
|----------------------|--|
| 3CE | Central Coast Community Energy |
| ACFR | Annual Comprehensive Financial Report |
| AMP | Arrearage Management Plan |
| BioMAT | Bioenergy Market Adjusting Tariff |
| CCA | Community Choice Aggregator |
| CAISO | California Independent System Operator |
| CalCCA | California Community Choice Association |
| CCO | Chief Communications Officer |
| CEC | California Energy Commission |
| CEO | Chief Executive Officer |
| CFO | Chief Financial Officer |
| COE | Cost of Energy |
| COO | Chief Operations Officer |
| COS | Cost of Service |
| CPUC | California Public Utilities Commission |
| DSM | Demand-Side Management |
| FTE | Full-Time Equivalent |
| FY | Fiscal Year |
| GAAP | Generally Accepted Accounting Principles |
| IOU | Investor-Owned Utility |
| kWh | Kilowatt-hour |
| LSE | Load Serving Entity |
| MT CO ₂ e | Metric Tons of Carbon Dioxide Emissions |
| MW | Megawatt |
| MWh | Megawatt-hour |
| PG&E | Pacific Gas & Electric |
| PPA | Power Purchase Agreement |
| RA | Resource Adequacy |
| RMC | Risk Management Committee |
| ROI | Return on Investment |
| SCE | Southern California Edison |
| US | EIA US Energy Information Administration |
| WREGIS | Western Renewable Energy Generation Information System |





POWER FOR GOOD