



Central Coast
**Community
Energy**



FISCAL
YEAR **2025-26**
RECOMMENDED BUDGET





Introduction

**Leadership,
Community,
and Staff**

**FY 2025-26
Budget
Presentation**

**Office and
Department
Summaries**

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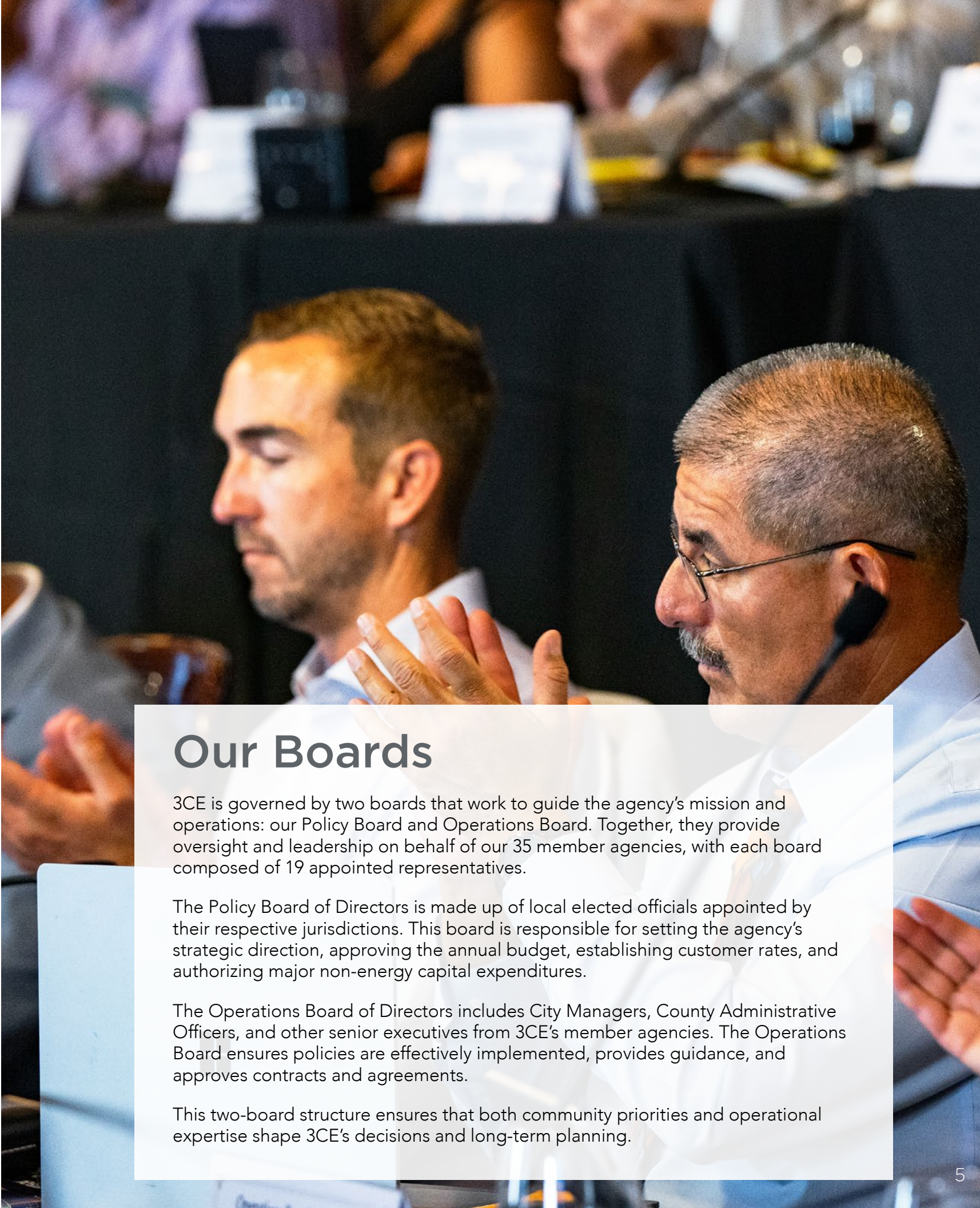
About the cover: The selected images highlight the five county region 3CE serves, capturing the unique character of each county while creating a sense of collective impact. Clockwise from the upper left: Los Padres National Forest in Santa Barbara County; a vibrant agricultural field in Monterey County; the ribbon-cutting for 3CE’s new office in San Luis Obispo; the Santa Cruz Breakwater Lighthouse; and Pinnacles National Park in San Benito County. On the back cover, the theme “Powered by Community” is paired with a background of Monarch butterflies — symbolizing the truly transformational nature of our mission.

About 3CE

Central Coast Community Energy (3CE) is a Community Choice Aggregator (CCA) – a local public agency working to accelerate the transition to 100% clean and renewable energy. Guided by our Boards and supported by professional staff, we serve customers across the Central Coast by providing reliable, clean, affordable electricity and electrification programs to reduce greenhouse gas emissions and strengthen our local economy.

With the successful enrollment of the City of Atascadero and the unincorporated areas of San Luis Obispo County in 2025, 3CE now includes 35 member agencies across five counties. The agency serves over 1.2 million residents through more than 515,000 customer accounts representing approximately 93% of the region’s electricity load. In Fiscal Year 2025-26, 3CE’s projected peak load is 948 MW, and we expect to deliver approximately 5.57 million MWh of electricity to a mix of residential, commercial, and industrial customers.

3CE supports electrification in transportation, agriculture, and the built environment with our innovative, customer-focused energy programs, and invests in new renewable-energy projects to bring more clean energy onto the grid. In partnership with our customers, 3CE is strengthening grid resilience and advancing a cleaner, more sustainable future for the Central Coast.



Our Boards

3CE is governed by two boards that work to guide the agency’s mission and operations: our Policy Board and Operations Board. Together, they provide oversight and leadership on behalf of our 35 member agencies, with each board composed of 19 appointed representatives.

The Policy Board of Directors is made up of local elected officials appointed by their respective jurisdictions. This board is responsible for setting the agency’s strategic direction, approving the annual budget, establishing customer rates, and authorizing major non-energy capital expenditures.

The Operations Board of Directors includes City Managers, County Administrative Officers, and other senior executives from 3CE’s member agencies. The Operations Board ensures policies are effectively implemented, provides guidance, and approves contracts and agreements.

This two-board structure ensures that both community priorities and operational expertise shape 3CE’s decisions and long-term planning.

Policy Board



Fred Keeley
Chair
City of Santa Cruz



Dawn Ortiz-Legg
Vice Chair
County of San Luis Obispo



Jose Luis Barajas
City of Salinas



Charles Bourbeau
City of Atascadero



Angela Curro
County of San Benito



Kate Daniels
County of Monterey



Bruce Delgado
City of Marina



Jimmy Dutra
City of Watsonville



Jim Guthrie
City of Arroyo Grande



Joan Hartmann
County of Santa Barbara



Monica Martinez
County of Santa Cruz



Dolores Morales
City of Hollister



Alice Patino
City of Santa Maria



Luz Reyes-Martin
City of Goleta



David Silva
City of Buellton



Derek Timm
City of Scotts Valley



Robert White
City of Greenfield



Tyller Williamson
City of Monterey



Carla Wixom
City of Morro Bay

Operations Board



Matt Huffaker
Chair
City of Santa Cruz



Jim Lewis
Vice Chair
City of Atascadero



Sonia de la Rosa
County of Monterey



Matthew Downing
City of Arroyo Grande



Megan Hunter
City of Soledad



Mali LaGoe
City of Scotts Valley



Layne Long
City of Marina



Andrea Lueker
City of Morro Bay



Rene Mendez
City of Salinas



David Mirrione
City of Hollister



Mona Miyasato
County of Santa Barbara



Carlos Palacios
County of Santa Cruz



Matt Pontes
County of San Luis Obispo



Michael Ramirez
City of Carpinteria



Henie Ring
County of San Benito



David W. Rowlands
City of Santa Maria



Hans Uslar
City of Monterey



Tamara Vides
City of Watsonville



Scott Wolfe
City of Buellton



Gine Johnson
Chair
County of Santa Cruz



Norman Tuitavuki
Vice Chair
County of Monterey

The Community Advisory Council (CAC) is composed of 15 community members serving three-year terms. The Council currently has five vacancies, with new appointments considered by the Policy Board at the annual meeting. The CAC provides valuable input on energy programs and outreach strategies, helping to strengthen the connection between 3CE and the diverse communities we serve across the Central Coast.

Lew Bauman
County of Monterey

Celina Stotler
County of San Benito

Jason Sedano
County of Monterey

Devin Best
County of San Luis Obispo

Rosemary Soto
County of Monterey

Kris Damhorst
County of Santa Cruz

Richard Stedman
County of Monterey

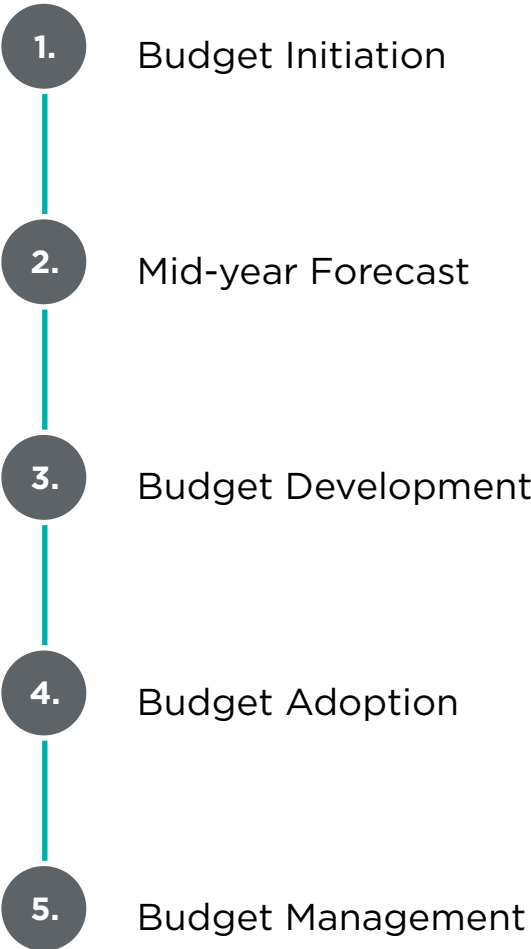
Dennis Osmer
County of Santa Cruz

3CE’S ANNUAL BUDGET IS DEVELOPED THROUGH A FIVE-STAGE PROCESS

Financial planning begins mid-year with the development of a detailed three-year forecast. Following this, departments submit their proposed budgets for the upcoming fiscal year, including a baseline spending plan and any augmentation requests.

The CEO reviews and prioritizes these submissions based on accuracy, demonstrated benefits, and alignment with Policy Board priorities. The result is a comprehensive and balanced budget recommendation designed to responsibly support 3CE’s mission and operations in the year ahead.

The Recommended Budget for Fiscal Year 2025-26 will be presented to the Policy Board at its annual meeting on September 18, 2025.



MID-YEAR FORECAST (MARCH-APRIL)	BUDGET DEVELOPMENT (MAY-AUGUST)	BUDGET ADOPTION (SEPTEMBER)	BUDGET MANAGEMENT (ONGOING)
<ul style="list-style-type: none">• Departments provide current-year estimates and forecast market outlook.• Boards and Audit & Finance Committee receive forecast.	<ul style="list-style-type: none">• Departments submit baseline budget and augmentation requests.• Policy Board approves the Financial Policies.• Audit & Finance Committee receives the Recommended Budget.	<ul style="list-style-type: none">• Operations Board receives the Recommended Budget.• Policy Board considers adoption of the Recommended Budget.	<ul style="list-style-type: none">• Management monitors expenditures and estimated revenues.• Boards and Audit & Finance Committee receive monthly and quarterly financial reports.

Organization Chart



To Our Esteemed Board Members, Customers, and Community Members,

As we begin a new fiscal year, I want to express my deep appreciation for your continued support and leadership. Thanks to your guidance, Central Coast Community Energy (3CE) remains steadfast in our mission: serving our Central Coast communities by providing reliable, clean, affordable electricity and electrification programs to reduce greenhouse gas emissions and strengthen our local economy.

The past year presented both opportunities and challenges. We continued to navigate complex regulatory developments, a monumental shift in federal policy, a dramatic reimagining of the world economy and ongoing volatility in energy markets. At the same time, we celebrated meaningful progress across all departments. Our team finalized critical Power Purchase Agreements supporting our march to 100% clean and renewable energy, we built the foundation to support customers’ participation in their energy consumption through flexible pricing and demand-shifting pilots, and we launched new efforts to modernize internal systems and improve customer service. We also made great strides in supporting customers’ efforts to reduce greenhouse gas emissions through rebates for electric buses and cars, EV charging infrastructure, home batteries, and new all-electric affordable housing.

As our service area expanded to include the City of Atascadero and unincorporated San Luis Obispo County, we emphasized community engagement and collaboration every step of the way. Our enrollment campaign combined direct outreach, bilingual communications, and strong partnerships with local leaders to ensure a smooth and informed transition for new customers.

Internally, we’ve laid the groundwork for future growth and resiliency. This includes implementing a new customer relationship management (CRM) system, investing in cybersecurity upgrades, and advancing our Energy Risk Management policies. We also launched new training and leadership development opportunities for staff to strengthen our organizational capacity in a competitive workforce environment. Throughout it all, we remained transparent and fiscally

responsible. We completed another successful financial audit, maintained our “A” credit rating with a stable financial outlook, and continued to shape regulatory proceedings to drive outcomes that support 3CE’s clean energy goals and all Californian energy customers.

Since its founding, 3CE has met challenges head-on — keeping our eyes on long-term goals while maintaining disciplined fiscal responsibility and a strong commitment to affordability. That mindset will continue to guide us as we face the road ahead. From evolving federal and state energy policies to shifting market conditions, we know the path forward requires vigilance. We will continue pursuit of our goal of 100% clean and renewable energy and the electrification of everything while balancing customers’ need for predictable, fair rates and the agency’s long-term financial health. We remain focused on identifying existing and emerging clean and renewable generation resources that can meet 3CE’s goals in this highly volatile market. We are committed to empowering our customers through expanding access to innovative energy programs that help households and businesses take charge of their energy future. The challenges are real, but so is our resolve. With a nimble, forward-looking approach, we are confident in our ability to adapt and thrive.

Looking ahead, we are optimistic. Our communities are leading the way to the clean-energy future. With your continued partnership, we will build on this year’s momentum.

Thank you for your ongoing commitment to our shared vision.

With gratitude,



Robert M. Shaw
Chief Executive Officer
Central Coast Community Energy



Executive Summary

Introduction

Fiscal Year (FY) 2025-26 marks 3CE’s seventh year of successfully serving Central Coast customers and its eighth year of operation. The Recommended Budget aligns with 3CE’s goals to meet 100% of retail energy demand with clean, renewable energy, deliver transformative community programs, and maintain fair and stable rates. This year is a milestone, reflecting the first fiscal year with a united Central Coast, including unincorporated San Luis Obispo County and the City of Atascadero, totaling 515,000 customer accounts. Guided by Financial Policies adopted annually by the Policy Board, 3CE prioritizes robust financial reserves, rate stability, risk management, and procurement strategies to reduce long-term customer costs.

The Recommended Budget totals \$588.4 million for operating and capital expenditures, funded by \$587.2 million in revenues and \$1.2 million from the Capital Infrastructure Reserve, supporting 59 full-time equivalent (FTE) positions. Amid an uncertain regulatory and federal policy environment impacting energy markets, the budget adopts a conservative approach, maintaining current rates to ensure any adjustments proposed early in FY 2025-26 reflect finalized regulatory outcomes, expected to be published by October/ November 2025, preserving 3CE’s financial stability and sustainability.

FY 2025-26 Budget Summary						
	Prior Year Actuals 2023-24	Adopted Budget 2024-25	Mid-Year Estimate 2024-25	Requested Total 2025-26	Recommended Budget 2025-26	Recommended Change from Adopted
Net Electricity Sales	544,358,419	745,962,355	660,909,347	620,920,150	578,022,716	(167,939,639)
Interest and Investment Returns	12,893,661	7,000,000	10,770,808	9,100,000	9,100,000	2,100,000
Other Income	98,215	68,400	8,182,430	74,592	75,000	6,600
Sub-Total Revenues	557,350,295	753,030,755	679,862,585	630,094,742	587,197,716	(165,833,039)
Capital Infrastructure Reserve	-	17,318,000	2,780,254	1,900,000	1,200,000	(16,118,000)
Total Financing Sources	557,350,295	770,348,755	682,642,839	631,994,742	588,397,716	(181,951,039)
Cost of Energy	547,248,240	665,267,116	600,074,023	534,776,255	534,776,256	(130,490,860)
Salaries and Benefits	7,830,528	12,585,841	11,203,086	16,499,844	14,260,774	1,674,933
Services and Supplies	25,391,651	35,177,798	28,751,007	38,818,643	38,160,686	2,982,888
Capital Assets	585,758	17,318,000	2,780,254	1,900,000	1,200,000	(16,118,000)
Total Financing Uses	581,056,177	730,348,755	642,808,370	591,994,742	588,397,716	(141,951,039)
Total Budgeted Change to Net Position	(23,705,882)	40,000,000	39,834,469	40,000,000	-	(40,000,000)

The recommended appropriations of \$588.4 million represent a \$142.0 million decrease from the prior year’s Adopted Budget, primarily due to reduced market-driven energy and attribute costs. Operating costs are divided between Cost of Energy (COE) and non-energy costs.

Cost of Energy

The Cost of Energy (COE) drives the \$130.5 million reduction in appropriations, yet remains 3CE’s largest and most volatile expense, comprising approximately 91% of total expenditures. COE covers customer electricity needs, regulatory compliance products like Resource Adequacy (RA) and Renewable Portfolio Standard (RPS) credits, and grid operation services managed by the California Independent System Operator (CAISO). In recent years, delays in new generation projects and surging RA costs due to heightened demand and constrained supply has amplified COE volatility.

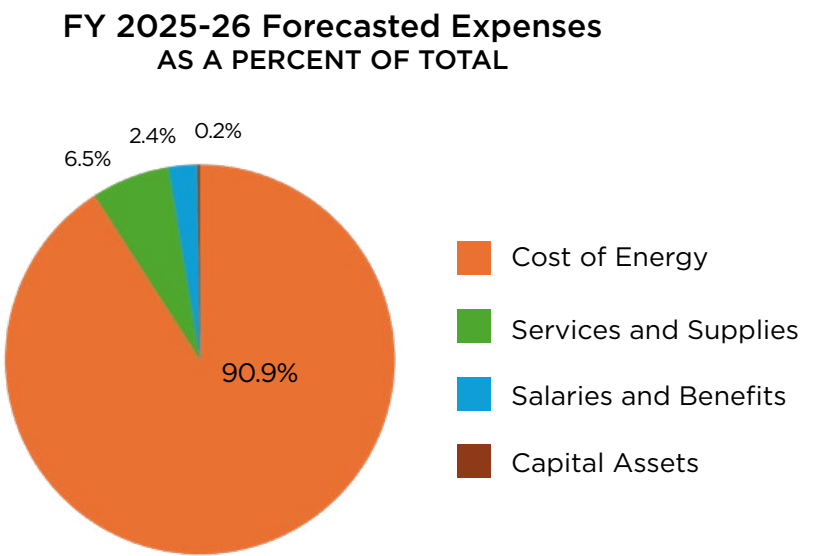
COE is calculated by applying contracted energy to the projected load and using forward market prices for unhedged energy. Volatility arises from external factors, including project delays, macroeconomic trends, and seasonal events like summer or fall heat waves that strain renewable sources and increase market prices. The FY 2025-26 COE decrease reflects lower RA and RPS costs resulting from both improved market conditions, implementation of 3CE’s RA hedging strategy, and new renewable generation projects coming online.

COE Type as % of total COE	FY 2023-24 Actual	FY 2024-25 Adopted	FY 2024-25 Mid-Year Estimate	FY 2025-26 Recommended
Energy	56%	60%	61%	80%
RA	33%	28%	33%	17%
RPS	11%	12%	6%	3%
Total	100%	100%	100%	100%

To stabilize rates and diversify its renewable portfolio, 3CE maintains long-term Power Purchase Agreements (PPAs) with seven operational renewable projects, meeting 31% of retail sales. Seven additional projects under development are expected online by 2029. 3CE plans to explore current tax-exempt PPA prepay opportunities to lock in discounted long-term power, as done in FY 2023-24, which is projected to save customers \$33 million over seven years.

Non-COE Operating Costs

The budget allocates \$14.3 million for salaries and benefits, up \$1.7 million, driven by filling vacant positions, competitive market trends, and three new FTEs: Director of Legislative Affairs, Energy Risk Analyst, and Business Applications Developer. These roles enhance 3CE’s ability to navigate energy policies, strengthen financial resilience through risk modeling, and improve energy portfolio



Executive Summary (continued)

management via internal applications. Included are investments in professional development and Future Leadership Development programs which will foster a resilient, inclusive workplace.

Expenditures for services and supplies total \$38.2 million, up \$3.0 million, reflecting a 5% operating contingency per Financial Policies, enhanced data management, software needs, and external legal counsel for regulatory and contract negotiations. The budget supports 3CE’s leadership in California Community Choice Association (CalCCA) and California Community Power (CC Power), alongside community engagement through events, sponsorships, marketing, and website redesign. Energy program funding remains steady, with reallocations for new offerings and demand response initiatives, building on the Residential Battery Rebate Program’s success.

Operating Revenue

Revenues of \$587.2 million, primarily from electricity sales, are \$165.9 million lower than the current year’s Adopted Budget, reflecting lower COE and no planned reserve additions to counterbalance the predicted rate impacts of pending regulatory decisions. Net electricity sales of \$578.0 million, down \$167.9 million, are based on a 94% participation rate, a 1% uncollectable rate, and reduced retail load due to increased behind-the-meter solar, milder weather, and time-of-use pricing shifts. This reduced load increases per-unit electricity generation rates to cover Cost-of-Service (COS) requirements. Staff recommends maintaining current rates, pending clarity on Energy Resource Recovery Account (ERRA) proceedings and Power Charge Indifference Adjustment (PCIA) rates. Other revenues include \$75,000 from San Luis Obispo office rentals and \$9.1 million from interest and investments, up \$2.1 million due to higher liquidity while expecting potential Federal Reserve rate adjustments.

Regulatory and Market Uncertainty

Maintaining stable and fair rates is central to 3CE’s mission to deliver reliable, clean energy, reduce emissions, and strengthen the local economy. The PCIA, set annually by the California Public Utilities Commission (CPUC) through ERRA proceedings is estimated to significantly impact unbundled Community Choice Aggregator (CCA) customers. In 2024, unexpected PCIA rate changes and load forecast deviations disrupted 3CE’s position in PG&E and SCE territories, necessitating staff assessment of final CPUC decisions and potential spring rate adjustments. In 2025, CPUC proceedings revised the PCIA methodology, adopting a multi-year average for the RA Market Price Benchmark (MPB). This average incorporates lower historical prices, reducing the MPB and increasing the PCIA charge. The CPUC’s decision changes in the MPB benchmark were implemented for 2026, severely limiting CCAs’ ability to plan and hedge around the dramatic changes significantly raising customer responsibility for IOU costs and challenging cost stability.

These changes are expected to provide IOU’s declining or smoothing MPBs for RA and RPS, while CCA’s have been required to be market participants paying full market prices without any benefit of smoothing. 3CE will monitor October ERRA updates and the CPUC’s final 2026 PCIA and IOU rate decisions before recommending adjusting rates, ensuring data-driven decisions. The PCIA’s unpredictability, driven by external benchmarks and IOU forecasts, poses a persistent risk to rate stability.

Maintaining Liquidity to Meet Reserve Targets

Prudent financial management is core to 3CE’s ability to navigate market and regulatory uncertainty. The FY 2025-26 Recommended Budget does not include a planned addition to net position for the purpose of increasing cash reserves by September 30, 2026. This conservative approach reflects the current rate and market outlooks and the need to first evaluate the impacts of the CPUC’s final 2026 PCIA and IOU generation rate decisions before committing funds to reserves. If the final PCIA rates are lower — and IOU generation rates higher — than projected, staff will assess the resulting improvement in financial position and determine whether a mid-year reserve contribution is appropriate to recommend to the Board.

Absent a reserve contribution this year, 3CE is projected to close FY 2025-26 with reserves at 43% of expenditures, an improvement from the prior year driven primarily by lower Cost of Energy (COE) rather than new reserve funding. At its March 19, 2025 meeting, the Policy Board directed staff to take proactive steps to mitigate PCIA-related volatility, including collaboration with CalCCA and active engagement by the Executive Committee, Audit & Finance Committee, and Energy Risk Management Committee to develop both strategic and regulatory solutions.

Pursuing these strategies is essential to addressing near-term PCIA volatility and to offering fair and stable rates. Central to this effort is the continued growth of the Energy Rate Stability Reserve, which provides the financial capacity to absorb revenue impacts in challenging years while maintaining fair and stable rates for 3CE customers. By building this reserve alongside regulatory advocacy and market strategies, 3CE strengthens its ability to manage risk, stabilize rates, and protect the long-term interests of the communities it serves, all while ensuring a continued positive outlook by credit rating agencies which view strong liquidity as a key factor in assessing financial stability.

Capital Projects

Capital improvements enhance 3CE’s assets and operational efficiency. The Capital Infrastructure Reserve (CIR) funds \$1.2 million in projects, including \$500,000 for tenant improvements at the San Luis Obispo and Santa Cruz offices, supporting staff and Policy Board needs, and \$700,000 for the EV Charger Asset Pilot. This pilot expands Level 2 and DC Fast Charging stations, addressing transportation emissions, with a potential site in downtown Santa Maria. These investments, pending Board approval, support long-term efficiency and sustainability.

Financial Policies

1.0 Purpose and Background

The prudent and responsible stewardship of public assets is a principal obligation of 3CE officials and managers. 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 served.

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 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 is developed in accordance with this framework.

2.0 General Financial Policy

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 strong 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 the revenue requirement established through a cost-of-service methodology;
- Minimizes reliance on reserves and one-time funding sources for ongoing operations; and
- Maintains competitive, market-based rates while supporting 3CE’s 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.
- The CEO will keep the Policy Board apprised of the condition of 3CE’s finances and emerging fiscal issues.
- 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.

3.0 Roles and Functions

3.1 ROLE OF 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 3CE’s 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

The CFO is 3CE’s Policy Board-appointed Treasurer and considered the subject-matter expert for the financial management of the agency. The CFO is responsible for:

- 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 potential 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.

4.0 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.

5.0 Operating Budget

5.1 THE BUDGET

The Recommended Budget is the central financial planning document that sets 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 BALANCE 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 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 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

3CE 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 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 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 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

3CE 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.

6.0 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 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

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 3CE 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 percent (20%) of the budgeted COE. This reserve serves as a financial buffer to absorb fluctuations in energy costs and respond to unforeseen changes in market conditions or regulatory requirements that may increase power procurement expenses that cannot be absorbed by changes to cover recovery efforts, such as electric generation rate adjustments.

A central purpose of this reserve is to support rate smoothing and long-term rate stability. By strategically using this reserve, 3CE may maintain consistent, competitive customer rates even during periods of cost volatility, strengthening its position as a load-serving entity and sustaining customer trust.

Any material or sustained use of the reserve shall be reflected in the Recommended Budget, including a long-term plan to replenish the reserve. 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.

7.0 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.

8.0 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	FY 2024-25	FY 2025-26	Change from Prior Year
Office of the CEO	Chief Executive Officer	1	1	1	0
	Board Clerk	1	1	1	0
	Principal Management Analyst	0	0	1	1
	To Be Determined	6	1	0	(1)
	Total Positions	8	3	3	0
Office of the General Counsel	General Counsel	1	1	1	0
	Deputy General Counsel	0	1	1	0
	Total Positions	1	2	2	0
Office of the CFO	Chief Financial Officer	1	1	1	0
Finance	Director of Finance	1	1	1	0
	Accountants (P,S)	2	2	2	0
	Billing Operations & Rates Analyst (P,S)	1	2	2	0
	Subtotal	5	6	6	0
Energy Risk Management	Director of Energy Risk Management	1	1	1	0
	Energy Risk Analyst (P,S)	0	1	2	1
	Subtotal	1	2	3	1
	Total Positions	6	8	9	1
Office of the COO	Chief Operating Officer	1	1	1	0
	Administrative Specialist (P,S)	1	1	1	0
Power Supply	Director of Power Supply Resources	1	1	1	0
	Manager of Energy Trading	1	1	1	0
	Manager of Energy Contracts & Settlements	0	1	1	0
	Power Resources Planner	0	2	2	0
	Power Resources & Markets Manager	1	1	1	0
	Energy Contracts & Compliance Manager	1	1	1	0
	Power Supply Analyst (P,S)	1	1	1	0
	Settlements Analyst (P,S)	0	2	2	0
	Subtotal	7	12	12	0

Office/Department	Position Title	FY 2023-24	FY 2024-25	FY 2025-26	Change from Prior Year
Regulatory & Compliance	Director of Regulatory Affairs & Compliance	1	1	1	0
	Policy Advisor (P,S)	2	2	2	0
	Subtotal	3	3	3	0
Data & IT	Director of Data & Analytics	1	1	1	0
	Data Analyst (P,S)	1	1	1	0
	Data Engineer (P,S)	1	1	1	0
	Business Applications Developer	0	0	1	1
	Manager of Information Technology	1	1	1	0
	Information Technology Specialist (P,S)	1	1	1	0
	Subtotal	5	5	6	1
HR & Admin	Director of Human Resources & Administrative Services	1	1	1	0
	Human Resources Analyst (P,S)	1	1	1	0
	Administrative Specialist (P,S)	1	1	1	0
	Subtotal	3	3	3	0
	Total Positions	18	23	24	1
Office of the CCO	Chief Communications Officer	1	1	1	0
	Administrative Specialist (P,S)	1	1	1	0
Communications & Outreach	Director of Communications & Outreach	1	1	1	0
	Manager of Communications	1	1	1	0
	Communications Specialist (P,S)	2	2	2	0
	Manager of Customer Accounts & Services	1	1	1	0
	Customer Accounts Manager (P,S)	4	4	4	0
	Director of Legislative Affairs	0	0	1	1
	Community Relations Manager (P,S)	2	2	2	0
	Subtotal	13	13	14	1
Energy Programs	Director of Energy Programs	1	1	1	0
	Manager of Energy Programs	1	1	1	0
	Project Manager	0	1	1	0
	Energy Programs Analyst (P,S)	4	4	4	0
	Subtotal	6	7	7	0
	Total Positions	19	20	21	1
3CE GRAND TOTAL		52	56	59	3

*(P,S) indicates a flexible series including Principal and Senior levels

Office Summary

Office of the CEO

Principal Management Analyst

Board Clerk

The Office of the Chief Executive Officer provides leadership and directs the implementation of 3CE’s business functions, programs, and initiatives to ensure alignment 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 Board’s goals.

FY 2025-26 Budget Summary - Office of the CEO						
	Prior Year Actuals 2023-24	Adopted Budget 2024-25	Mid-Year Estimate 2024-25	Requested Total 2025-26	Recommended Budget 2025-26	Recommended Change from Adopted
Salaries and Employee Benefits	808,166	1,105,896	1,007,730	1,034,085	1,034,085	(71,811)
Services and Supplies	1,168,907	129,000	111,901	133,000	133,000	4,000
Total Financing Uses	1,977,073	1,234,896	1,119,631	1,167,085	1,167,085	(67,811)
Change in Net Position	(1,977,073)	(1,234,896)	(1,119,631)	(1,167,085)	(1,167,085)	67,811

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 mission to provide reliable, clean, affordable electricity and electrification programs to reduce greenhouse gas emissions and strengthen our local economy. At its heart, the focus of the Executive Office is to lead 3CE in a way that serves its customers, empowers its staff, and brings economic and environmental benefits to its communities.

The Recommended Budget for the Office of the CEO totals \$1,167,085, with \$1,034,085 allocated to salaries and benefits and \$133,000 for services and supplies. This reflects a \$67,811 decrease from the prior year, primarily due to the development of the Principal Management Analyst position, which was originally budgeted as a To Be Determined role in the current fiscal year. The office has a total of three staff.

Office of the CEO: Chief Executive Officer

ACCOMPLISHMENTS

- Led transformational agency growth building to 56 positions including the hiring of a new Director of Power Supply and Chief Operating Officer. During this time 3CE achieved a Great Place to Work certification, solidifying the agency as a best-in-class employer of choice. Additionally, expanded 3CE’s outreach footprint and community support through office openings in Santa Cruz and San Luis Obispo.
- Oversaw significant financial achievements including retaining our “A” credit rating based on strong liquidity, high customer retention, and robust renewable energy portfolio. At the same time, led the organization to pursue innovative PPA hybrid projects that will reduce emissions while utilizing existing interconnections, elevated 3CE’s market presence, and successfully managed energy costs while ensuring regulatory compliance amid ongoing market shifts.
- Championed the development and implementation of 3CE’s first Energy Trading and Risk Management system (ETRM) providing an in-house, customizable platform that consolidates all energy product trades, contracts, load forecasts, market prices, and supporting data. The ETRM serves as a transparent, single source of information for reporting to users, management, and the Boards, replacing multiple ad hoc spreadsheet-based solutions.
- Guided the successful enrollment of the City of Atascadero and unincorporated San Luis Obispo County, achieving a 93+% enrollment rate. Further positively impacted local communities by continued investments in electrification through 3CE’s rebate and incentive programs which continue to reduce emissions.
- Engaged the boards and various committees to thoughtfully and strategically assess a responsible energy portfolio structure considering 3CE’s renewable goals, market impact, utility rate pressures, reliability, and strategic approaches.

FY 2025-26 FOCUS AREAS

- Lead the organization and CCA industry in navigating ongoing turbulent federal policy changes, market challenges, and upcoming regulatory changes, particularly Power Charge Indifference Adjustment reforms and implementation of the Reliable Clean Power Procurement Program.
- Lead 3CE efforts to optimize 3CE’s power portfolio through Energy Risk Management and Executive Committee engagement to review and drive enhancements in power supply risk management, load forecasting, and steadfast business-oriented contracting principles.
- Spearhead initiatives like reorienting 3CE’s customer support and engagement for post-enrollment operations, supporting and stabilizing new revenues through expanded owned charging assets, and developing a program portfolio that supports customer electrification and empowerment.
- Champion the development of innovative projects like the integration of local generation resources into 3CE’s procurement strategy.
- Continue 3CE’s commitment to a dynamic workplace culture and designation as an employer of choice to attract and retain the best talent in the industry.

Office Summary (continued)

Office of the General Counsel

The Office of the General Counsel manages 3CE’s legal affairs, compliance, contract review and negotiation, and dispute resolution. The department also coordinates with outside counsel on specialized legal matters such as PPAs, regulatory proceedings, and litigation.

FY 2025-26 Budget Summary - Office of General Counsel						
	Prior Year Actuals 2023-24	Adopted Budget 2024-25	Mid-Year Estimate 2024-25	Requested Total 2025-26	Recommended Budget 2025-26	Recommended Change from Adopted
Salaries and Benefits	-	611,504	469,212	961,020	698,108	86,604
Services and Supplies	-	1,046,000	628,196	2,071,000	2,071,000	1,025,000
Total Financing Uses	-	1,657,504	1,097,408	3,032,020	2,769,108	1,111,604
Change in Net Position	-	(1,657,504)	(1,097,408)	(3,032,020)	(2,769,108)	(1,111,604)

The Recommended Budget for the General Counsel totals \$2,769,108, with \$698,108 allocated to salaries and benefits and \$2,071,000 to services and supplies. The increase from the current adopted budget of \$1,111,604 is primarily due to the expected need for additional specialized external legal services to support complex power supply and regulatory matters. The office is led by the General Counsel and includes a total of two staff.

ACCOMPLISHMENTS

- Advised and assisted in drafting new contracts, negotiating contract amendments impacting all offices.
- Advised on real property negotiations and the purchase of the 3CE office in Santa Cruz County.
- Advised Energy Programs team on Requests for Proposals (RFPs), capital-improvement projects, and electrification projects and grants.
- Advised the boards on closed-session and public-agenda agency business.
- Supported the agency’s development and consideration of policy updates and advised on advocacy and comments in CPUC proceedings.
- Managed pending litigation in coordination with outside counsel.

FY 2025-26 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 the boards in achieving their goals.
- Manage pending litigation, assist in the creation and continued update of agency policies, and advise on contracts and regulatory developments impacting the agency.



Office Summary (continued)

Office of the CFO

Director of Finance

Director of Energy Risk Managment

The Office of the Chief Financial Officer performs essential financial and energy-risk-management functions. The CFO leads financial planning and budgeting, reporting and analysis, treasury and revenue oversight, internal controls, compliance, and cost management. The office also provides financial strategy and decision support to the CEO, staffs the Audit and Finance Committee, and participates in the Energy Risk Committee.

FY 2025-26 Budget Summary - Office of the CFO						
	Prior Year Actuals 2023-24	Adopted Budget 2024-25	Mid-Year Estimate 2024-25	Requested Total 2025-26	Recommended Budget 2025-26	Recommended Change from Adopted
Interest and Investment Returns	12,703,132	7,000,000	10,255,526	9,100,000	9,100,000	2,100,000
Other Income	54,084	68,400	74,223	74,592	75,000	6,600
Sub-Total Revenues	12,757,216	7,068,400	10,329,749	9,174,592	9,175,000	2,106,600
Capital Infrastructure Reserve	-	17,318,000	2,780,254	1,900,000	1,200,000	(16,118,000)
Total Financing Sources	12,757,216	24,386,400	13,110,003	11,074,592	10,375,000	(14,011,400)
Salaries and Employee Benefits	1,591,921	1,975,955	1,816,324	2,539,079	2,335,880	359,925
Services and Supplies	1,979,772	11,748,923	9,135,322	12,294,333	13,351,333	1,602,410
Capital Assets	585,758	17,318,000	2,780,254	500,000	500,000	(16,818,000)
Total Financing Uses	4,157,451	31,042,878	13,731,900	15,333,412	16,187,213	(14,855,665)
Change in Net Position	8,599,765	(6,656,478)	(621,897)	(4,258,820)	(5,812,213)	844,265

The Recommended Budget for the Office of the Chief Financial Officer totals \$16,187,213, with \$2,335,880 allocated to salaries and benefits, \$13,351,333 to services and supplies. The office has a total of nine staff.

The Recommended Budget for the office is financed by \$9,175,000 in estimated revenue from interest income on self-managed investments and rental income from the San Luis Obispo office building and \$1,200,000 from the Capital Infrastructure Reserve for agencywide capital projects. Revenue projections are conservative due to expectations that interest rates may decline over the fiscal year.

Office of the CFO - Finance

The Finance Department oversees financial planning and budgeting, financial reporting and analysis, electric generation rates, billing operations, investment management, internal controls and compliance, and financial strategy. Key duties include developing the annual Recommended Budget, setting annual electric generation rates, producing the mid-year budget forecast, auditing financial statements, and developing and monitoring financial policies. By aligning financial operations with regulatory and market dynamics, the department plays a central role in sustaining 3CE’s operational and programmatic success.

FY 2025-26 Budget Summary - Finance						
	Prior Year Actuals 2023-24	Adopted Budget 2024-25	Mid-Year Estimate 2024-25	Requested Total 2025-26	Recommended Budget 2025-26	Recommended Change from Adopted
Interest and Investment Returns	12,703,132	7,000,000	10,255,526	9,100,000	9,100,000	2,100,000
Other Income	54,084	68,400	74,223	74,592	75,000	6,600
Sub-Total Revenues	12,757,216	7,068,400	10,329,749	9,174,592	9,175,000	2,106,600
Capital Infrastructure Reserve	-	17,318,000	2,780,254	1,900,000	1,200,000	(16,118,000)
Total Financing Sources	12,757,216	24,386,400	13,110,003	11,074,592	10,375,000	(14,011,400)
Salaries and Employee Benefits	1,296,974	1,480,146	1,482,123	1,646,043	1,516,863	36,717
Services and Supplies	1,418,069	11,702,283	9,108,106	12,237,333	13,294,333	1,592,050
Capital Assets	585,758	17,318,000	2,780,254	500,000	500,000	(16,818,000)
Total Financing Uses	3,300,801	30,500,429	13,370,483	14,383,376	15,311,196	(15,189,233)
Change in Net Position	9,456,415	(6,114,029)	(260,480)	(3,308,784)	(4,936,196)	1,177,833

The Recommended Budget for the Finance Department totals \$15,311,196, including \$1,516,863 in salaries and benefits, \$13,294,33 in services and supplies, and \$500,000 in capital assets for tenant improvements in existing office buildings. Total financing uses compared to the current year budget of \$15,189,233 result from lower planned capital projects offset by an increase in operating costs from growth in the operation contingency to account for higher operating costs and higher data manager and IOU service fees.

The Recommended Budget also includes \$9,100,000 in interest and investment returns from liquidity, \$75,000 in rental income from the San Luis Obispo office building and \$1,200,000 from the Capital Infrastructure Reserve for agencywide capital projects including tenant improvements in the second floor of the San Luis Obispo office and the Santa Cruz office buildings plus capital project costs for the Energy Program’s Vehicle Charger Asset Ownership pilot program. The department is led by the Director of Finance and has a total of five staff.

ACCOMPLISHMENTS

- Presented the agency’s financial position to S&P and retained an “A” credit rating based on strong liquidity, high customer retention, and robust clean-energy portfolio.
- Implemented rate adjustments as part of the annual ratemaking process to ensure operational costs and reserves are covered by revenues.
- Automated the NEM validation and check-request process to reduce manual validation for solar customers.
- Successfully implemented a process for collection on interest of collateral held by counterparties.

FY 2025-26 FOCUS AREAS

- Implement a Collections and Delinquent Accounts Policy for effective management of receivables.
- Create a load-forecast analysis process for ongoing long-term forecasting.
- Implement a comprehensive enterprise resource-planning system for budgeting, financials, and payroll.
- Develop a revenue-mapping tool to outline all operational processes that have an impact on revenue to identify areas for improvement.
- Continue improvement of net metering automation, validation, and check-request processes.

Office Summary (continued)

Office of the CFO - Energy Risk Management

The Energy Risk Management Department independently monitors, measures, and reports risk exposures; oversees policy compliance; provides analytics and valuation; and serves as a control and check on procurement activities.

FY 2025-26 Budget Summary - Energy Risk Management						
	Prior Year Actuals 2023-24	Adopted Budget 2024-25	Mid-Year Estimate 2024-25	Requested Total 2025-26	Recommended Budget 2025-26	Recommended Change from Adopted
Salaries and Employee Benefits	294,947	495,809	334,201	893,036	819,017	323,208
Services and Supplies	561,703	46,640	27,216	57,000	57,000	10,360
Total Financing Uses	856,650	542,449	361,417	950,036	876,017	333,568
Change in Net Position	(856,650)	(542,449)	(361,417)	(950,036)	(876,017)	(333,568)

The Recommended Budget for the Energy Risk Management Department totals \$876,017, including \$819,017 in salaries and benefits and \$57,000 in services and supplies. Personnel costs increased by \$323,208 due to an additional energy risk analyst position and the reclassification of the department director position. The services and supplies budget increased by \$10,360 to account for additional professional development costs from the new energy risk analyst position. The department is led by the Director of Energy Risk Management and has a total of three staff.

ACCOMPLISHMENTS

- In partnership with Data & Analytics, built 3CE's first Energy Trading and Risk Management (ETRM) system — a fully auditable and backed-up platform that consolidates all energy and related trades, contracts, load forecasts, market prices, and supporting data. The ETRM serves as a transparent, single source of information for reporting to users, management, and the Board, and has replaced multiple ad hoc, spreadsheet-based solutions.
- Built 3CE's first comprehensive counterparty credit-management system by developing processes and coded automation within our ETRM to monitor, validate, and report collateral requirements and exposures daily, enabling efficient, reliable collateral management for the first time.
- Developed revisions to the Energy Risk Management Policy to align with current industry and CCA best practices. This central policy establishes agency-wide goals, defines group responsibilities, and sets clear risk tolerances and limits for wholesale energy and related products.

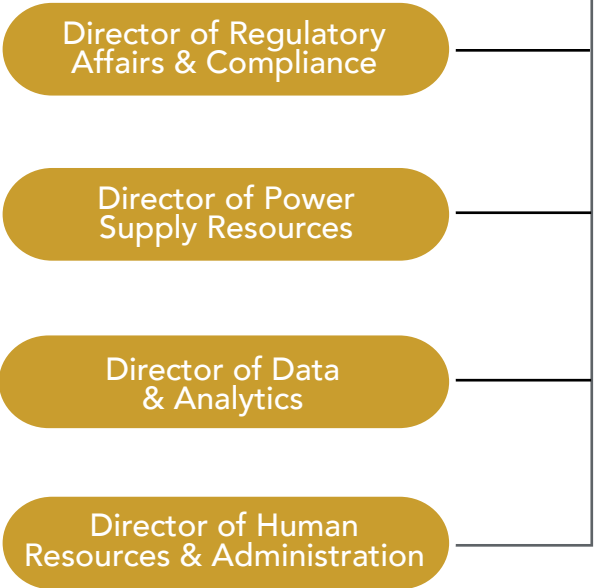
FY 2025-26 FOCUS AREAS

- Recruit, hire, and train staff — particularly in quantitative and qualitative risk analysis — to ensure the group meets all functional requirements and service levels.
- Develop and implement additional policies and procedures to further strengthen the transaction operational lifecycle.
- Continue building agency intellectual capital, with the goal of reducing reliance on external consultants.



Office Summary (continued)

Office of the COO



The Office of the Chief Operating Officer oversees four departments: Power Supply Resources, Regulatory Affairs & Compliance, Data & Analytics, and Human Resources & Administrative Services. This office is responsible for securing affordable, clean, and renewable electricity for 3CE customers; ensuring agency compliance with industry regulations; overseeing customer usage and transaction data, building, maintaining, and defending 3CE’s IT infrastructure; and developing, retaining, and enabling staff. The Chief Operating Officer also guides efforts to shape the regulatory landscape and manages the complex data systems essential to serving 3CE’s customer base.

Office of the COO - Regulatory Affairs & Compliance

The Regulatory Affairs & Compliance Department ensures 3CE meets all regulatory requirements and actively engages with the agencies that oversee energy markets and Community Choice Aggregators. The department supports statewide goals related to reliability, clean energy, and equity through proceedings related to Integrated Resource Planning, Mid-Term Reliability, Resource Adequacy, Renewable Portfolio Standards, and the Power Charge Indifference Adjustment.

FY 2025-26 Budget Summary - Regulatory Affairs & Compliance						
	Prior Year Actuals 2023-24	Adopted Budget 2024-25	Mid-Year Estimate 2024-25	Requested Total 2025-26	Recommended Budget 2025-26	Recommended Change from Adopted
Salaries and Employee Benefits	294,947	588,211	594,361	869,355	634,995	46,784
Services and Supplies	561,703	1,014,105	933,478	1,379,500	1,279,500	265,395
Total Financing Uses	856,650	1,602,316	1,527,839	2,248,855	1,914,495	312,179
Change in Net Position	(856,650)	(1,602,316)	(1,527,839)	(2,248,855)	(1,914,495)	(312,179)

The Recommended Budget for the Regulatory Affairs & Compliance Department totals \$1,914,495, with \$634,995 allocated for salaries and benefits and \$1,279,500 for services and supplies. This budget supports ongoing participation in regulatory proceedings and compliance with state energy mandates. The increase in the budget versus the prior year of \$312,179 primarily results from additional staff augmentation costs through participation in CalCCA, the statewide trade association for CCAs, and additional funding for external regulatory expertise. The department is led by the Director of Regulatory Affairs & Compliance and has three staff.

FY 2025-26 Budget Summary - Office of the COO						
	Prior Year Actuals 2023-24	Adopted Budget 2024-25	Mid-Year Estimate 2024-25	Requested Total 2025-26	Recommended Budget 2025-26	Recommended Change from Adopted
Net Electricity Sales	544,358,419	745,962,355	660,909,347	620,920,150	578,022,716	(167,939,639)
Interest and Investment Returns	190,529	-	514,887	-	-	-
Other Income	-	-	8,108,207	-	-	-
Total Financing Sources	544,548,948	745,962,355	669,532,441	620,920,150	578,022,716	(167,939,639)
Cost of Energy	547,248,240	665,267,116	600,074,023	534,776,255	534,776,256	(130,490,860)
Salaries and Employee Benefits	2,805,179	5,251,727	4,487,541	7,468,377	5,907,288	655,561
Services and Supplies	9,265,695	4,709,822	3,853,283	5,656,240	5,556,240	846,418
Total Financing Uses	559,319,114	675,228,665	608,414,847	547,900,872	546,239,784	(128,988,881)
Change in Net Position	(14,770,166)	70,733,690	61,117,594	73,019,278	31,782,932	(38,950,758)

The Recommended Budget for the Office of the Chief Operating Officer totals \$546,239,784, with \$534,776,256 in cost of energy, \$5,907,288 allocated to salaries and benefits and \$5,556,240 to services and supplies.

The Recommended Budget for the office is financed by \$578,022,716 in net electricity sales. The office has a total of 24 staff.

ACCOMPLISHMENTS

- 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.
- Led a CCA coalition for improved access to critical customer and load data.
- Individually submitted three rounds of comments in support of customer affordability measures.
- Participated in new interconnection reform initiatives.
- Facilitated 3CE’s participation in the CPUC’s Bioenergy Market Adjusting Tariff (BioMAT) program.

FY 2025-26 FOCUS AREAS

- Support CalCCA and industry stakeholders to protect customers from rate shock and unfair cost shifts caused by regulatory decisions impacting the Power Charge Indifference Adjustment.
- Complete and submit 3CE’s 2025 Integrated Resource Plan and narrative.
- Monitor and implement the CPUC’s new Reliable and Clean Power Procurement Program.
- 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.

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. This is achieved through a mix of short-term and long-term contracts designed to increase cost certainty and ensure compliance with all regulatory procurement requirements. Other departmental functions include power settlement and long-term resource planning, as well as continued participation in joint procurement efforts through California Community Power (CC Power).

Power Supply Resources staff operate within a dynamic and often volatile energy market, where prices can shift unpredictably and significantly. In addition to market variability, evolving regulatory and legislative frameworks may lead to structural changes that impact energy pricing and procurement obligations. To navigate these challenges, 3CE adheres to its Energy Risk Management Policy — helping to mitigate risk, promote rate stability, and support the agency’s commitment to securing clean and renewable energy resources.

FY 2025-26 Budget Summary - Power Supply Resources						
	Prior Year Actuals 2023-24	Adopted Budget 2024-25	Mid-Year Estimate 2024-25	Requested Total 2025-26	Recommended Budget 2025-26	Recommended Change from Adopted
Net Electricity Sales	544,358,419	745,962,355	660,909,347	620,920,150	578,022,716	(167,939,639)
Interest and Investment Returns	190,529	-	514,887	-	-	-
Other Income	-	-	8,108,207	-	-	-
Total Financing Sources	544,548,948	745,962,355	669,532,441	620,920,150	578,022,716	(167,939,639)
Cost of Energy	547,248,240	665,267,116	600,074,023	534,776,255	534,776,256	(130,490,860)
Salaries and Employee Benefits	1,302,215	2,838,121	2,494,661	4,420,056	3,293,777	455,656
Services and Supplies	1,341,924	1,920,009	1,469,335	2,415,640	2,415,640	495,631
Total Financing Uses	549,892,379	670,025,246	604,038,019	541,611,951	540,485,673	(129,539,573)
Change in Net Position	(5,343,431)	75,937,109	65,494,422	79,308,199	37,537,043	(38,400,066)

The Recommended Budget for the Power Supply Resources Department totals \$540,485,673, including \$534,776,256 in Cost of Energy (COE), \$3,293,777 in salaries and benefits, and \$2,415,640 in services and supplies. The budget reflects procurement needs such as Renewable Energy Certificates (RECs), Resource Adequacy (RA), and energy to serve the Central Coast. The cost of energy is estimated to decrease \$130.5 million from the current year budget from lower costs for energy attributes, RA and RECs. The \$455,656 increase in personnel costs is primarily due to higher salary costs based on competitive market trends and the transfer of an administrative specialist position from the Administrative Services department. Compared to the prior year, the \$495,631 increase in services and supplies is from technical consultant costs and further involvement with CC Power, as 3CE works with other CCAs to procure new, cost-effective clean energy and reliability resources.

The Recommended Budget also includes \$578,022,716 in estimated revenues from the net sale of energy. The \$167.9 million decrease from the current year results due to a lower retail demand forecast and decreasing cost of energy, primarily from lower energy attribute costs. The department is led by the Director of Power Supply Resources and has a total of eleven staff.

ACCOMPLISHMENTS

- Executed renewable Power Purchase Agreements to advance 3CE’s long-term retail demand. Executed two new Hybrid Energy Storage Agreements to reduce existing emissions from natural gas combustion generation sites while securing valuable resource adequacy for customers.
- Implemented the pre-pay financing structure, saving customers \$32.9 million over the initial seven-year period of the bonds.
- Maintained Slice of Day Resource Adequacy compliance despite ongoing market shifts.
- Seamlessly transitioned scheduling coordination vendors with no issues or interruptions in CAISO bidding.

FY 2025-26 FOCUS AREAS

- Continue 3CE’s goals of advancing 100% clean and renewable energy in a dynamic and challenging market environment.
- Implement the Energy Transaction Risk Management system to ensure efficient and accurate reporting.
- Update procurement and portfolio-management strategies to facilitate transactions in alignment with Board goals.

Office of the COO - Data & Analytics

The Data & Analytics Department oversees 3CE’s extensive customer usage and transaction data for 515,000 accounts, providing strategic analysis to inform business decisions. The department’s primary objective is to empower the organization with information and insights derived from a consolidated data environment that increases visibility into agency operations. The department also includes 3CE’s IT team, which builds and maintains the agency’s information-technology infrastructure and ensures data security

FY 2025-26 Budget Summary - Data & Analytics						
	Prior Year Actuals 2023-24	Adopted Budget 2024-25	Mid-Year Estimate 2024-25	Requested Total 2025-26	Recommended Budget 2025-26	Recommended Change from Adopted
Salaries and Employee Benefits	768,111	990,326	973,700	1,318,739	1,318,739	328,413
Services and Supplies	7,099,919	989,108	716,780	1,074,500	1,074,500	85,392
Total Financing Uses	7,868,030	1,979,434	1,690,480	2,393,239	2,393,239	413,805
Change in Net Position	(7,868,030)	(1,979,434)	(1,690,480)	(2,393,239)	(2,393,239)	(413,805)

The Recommended Budget for the Data & Analytics Department totals \$2,393,239, with \$1,318,739 in salaries and benefits and \$1,074,500 in services and supplies. Personnel costs increased \$328,413 from the prior year, mostly due to higher benefit and salary expenses based on competitive market trends and the addition of a business applications developer position that will assist with designing and building customer software solutions. Services and supplies increased by \$85,392 from additional agencywide software and equipment needs. The department is led by the Director of Data & Analytics and has a total of six staff.

ACCOMPLISHMENTS

- Led the development of 3CE’s centralized Data Analytics Hub as a single source of data across departments.
- Designed, developed, and maintained more than 15 cross-departmental, interactive dashboards that provide insights into data such as individual customer attributes, agency-wide usage trends, and key performance indicators for specific Energy Programs.
- In partnership with Energy Risk Management, built and implemented a custom Energy Trading & Risk Management (ETRM) system and portal to manage power purchase agreements, energy hedges, Resource Adequacy, and renewable attributes, while providing a platform for risk analytics and reporting.
- Led the integration of an advanced customer relationship management (CRM) system with 3CE’s data warehouse, empowering customer accounts and energy programs staff to efficiently track customer interactions and insights,

manage program applications and approvals, and deliver enhanced reporting metrics.

- Conducted extensive customer-privacy audit to ensure regulatory compliance.
- Collaborated across CCAs and departments on data and ETRM best practices.

FY 2025-26 FOCUS AREAS

- Expand the ETRM system to incorporate settlement data and financial functions for end-to-end deal coverage.
- Strengthen data governance and compliance, including continued Covered Information and AMI audit readiness.
- Foster cross-CCA data collaboration and advance predictive analytics for energy-risk and load-forecast tracking.

Office Summary (continued)

Office of the COO - Human Resources & Administrative Services

The Human Resources & Administrative Services Department supports 3CE’s mission by developing, retaining, and enabling a diverse, productive workforce that is uniquely positioned to serve our customers and communities.

FY 2025-26 Budget Summary- Administrative Services						
	Prior Year Actuals 2023-24	Adopted Budget 2024-25	Mid-Year Estimate 2024-25	Requested Total 2025-26	Recommended Budget 2025-26	Recommended Change from Adopted
Salaries and Employee Benefits	439,906	835,069	424,819	860,227	659,777	(175,292)
Services and Supplies	262,149	786,600	733,690	786,600	786,600	-
Total Financing Uses	702,055	1,621,669	1,158,509	1,646,827	1,446,377	(175,292)
Change in Net Position	(702,055)	(1,621,669)	(1,158,509)	(1,646,827)	(1,446,377)	175,292

The Recommended Budget for the Human Resources & Administrative Services Department totals \$1,446,377, with \$659,777 in salaries and benefits and \$786,600 in services and supplies. Personnel costs decreased from the prior year by \$175,291, primarily due to the transfer of two administrative specialist positions to other departments. The department is led by the Director of Human Resources & Administrative Services and has three staff members.

ACCOMPLISHMENTS

- Implemented and launched the agency’s cloud-based HR training platform to include mandatory and ongoing training to streamline processes and ensure federal and state compliance.
- Hired, trained, and retained 16 new full-time employees between October 1, 2024 and July 16, 2025.

FY 2025-26 FOCUS AREAS

- Streamline Human Resources Information Systems (HRIS) portals and adjust agency policies, safety protocols, and procedures to respond to growth as the agency expands in its several office locations.
- Review and effectively manage 3CE benefit offerings to support our diverse professional staff.
- Add to a robust training program for supervisors and managers in our newly implemented cloud-based HR training platform.



Office Summary (continued)

Office of the CCO

Director of Energy Programs

Director of Communications & Outreach

The Office of the Chief Communications Officer leads 3CE’s efforts to drive lasting community impacts through strong, transparent relationships with its customers and member communities. This office oversees the Communications & Outreach and Energy Programs departments, guiding strategic communications, community and legislative engagement, and the delivery of energy programs that provide meaningful benefits across the Central Coast.

Together, Communications & Outreach and Energy Programs serve customers with resources that support affordability, sustainability, and local resilience. By promoting accessible, community-driven programs for residents, businesses, and public agencies, the Office of the CCO fosters trust, encourages participation, and highlights the long-term value of 3CE’s services.

FY 2025-26 Budget Summary - Office of the CCO						
	Prior Year Actuals 2023-24	Adopted Budget 2024-25	Mid-Year Estimate 2024-25	Requested Total 2025-26	Recommended Budget 2025-26	Recommended Change from Adopted
Other Income	44,131	-	-	-	-	-
Interest and Investment Returns	-	-	395	-	-	-
Total Financing Sources	44,131	-	395	-	-	-
Salaries and Employee Benefits	2,625,262	3,640,759	3,422,279	4,497,283	4,285,413	644,654
Services and Supplies	12,977,277	17,544,053	15,022,305	18,664,070	17,049,113	(494,940)
Capital Assets	-	-	-	1,400,000	700,000	700,000
Total Financing Uses	15,602,539	21,184,812	18,444,584	24,561,353	22,034,526	849,714
Change in Net Position	(15,558,408)	(21,184,812)	(18,444,189)	(24,561,353)	(22,034,526)	(849,714)

The Recommended Budget for the Office of the Chief Communications Officer totals \$22,034,526, with \$4,285,413 allocated to salaries and benefits, \$17,049,113 to services and supplies, and \$700,000 to capital projects. The office has a total of 20 staff.

Office of the CCO - Energy Programs

The Energy Programs Department leads 3CE’s efforts to empower customers to take part in the renewable-energy transition and reduce greenhouse gas emissions. Through a range of incentives and technical assistance, the department empowers customers to replace fossil-fuel-powered vehicles, equipment, and appliances with clean, all-electric alternatives. Programs also support customers in shifting when and how they use energy to improve cost effectiveness and reduce strain on the grid.

FY 2025-26 Budget Summary - Energy Programs						
	Prior Year Actuals 2023-24	Adopted Budget 2024-25	Mid-Year Estimate 2024-25	Requested Total 2025-26	Recommended Budget 2025-26	Recommended Change from Adopted
Other Income	44,131	-	-	-	-	-
Interest and Investment Returns	-	-	395	-	-	-
Total Financing Sources	-	-	395	-	-	-
Salaries and Employee Benefits	659,377	1,277,553	1,116,469	1,337,606	1,322,154	44,601
Services and Supplies	11,467,408	15,590,363	13,518,381	16,305,363	14,890,363	(700,000)
Capital Assets	-	-	-	1,400,000	700,000	700,000
Total Financing Uses	12,126,785	16,867,916	14,634,850	19,042,969	16,912,517	44,601
Change in Net Position	(12,126,785)	(16,867,916)	(14,634,455)	(19,042,969)	(16,912,517)	(44,601)

The Recommended Budget for the Energy Programs Department totals \$16,912,517, with \$1,322,154 allocated to salaries and benefits, \$14,890,363 to services and supplies, and \$700,000 in capital projects for the Vehicle Charger Asset Ownership pilot program. The total appropriations for the department increased \$44,601 from the prior year as a result of higher salary and benefit costs from existing positions. Energy program funding includes customer incentives, program implementation, and administrative support services. The department is led by the Director of Energy Programs and includes seven staff.

ACCOMPLISHMENTS

- Maximized program participation with approved incentive budget, retaining higher participation levels and higher equity participation than ever before.
- Led the cross-departmental implementation of the new Customer Relationship Management system.
- Launched the Hourly Flex Pricing Pilot utilizing real-time pricing for demand flexibility and lower costs for customers.
- Worked with the Community Advisory Council and solicited direct customer feedback to develop Electrify Your Home 2.0 with new offerings.

FY 2025-26 FOCUS AREAS

- Work with the Community Advisory Council to develop Ag Electrification 2.0.
- Evaluate scaling EV Charger Asset Pilot at several workplace and public sites.
- Develop infrastructure to support Virtual Power Plant for microgrids and other distributed energy resources.
- Enhance the customer experience through customized e-mail updates during the rebate-application process.

Office Summary (continued)

Office of the CCO - Communications & Outreach

The Communications & Outreach Department provides customer support services like providing access to benefits and access benefits and information about their energy choices. By building relationships and engaging directly with communities, the department supports informed energy use and the reduction of emissions across the region. Through print, digital, and broadcast media, public forums for customer input, and partnerships with community-based organizations (CBOs), the department works to expand access, raise awareness, and promote equitable participation in our clean-energy future.

FY 2025-26 Budget Summary - Communications & Outreach						
	Prior Year Actuals 2023-24	Adopted Budget 2024-25	Mid-Year Estimate 2024-25	Requested Total 2025-26	Recommended Budget 2025-26	Recommended Change from Adopted
Salaries and Employee Benefits	1,965,885	2,363,206	2,305,810	3,159,677	2,963,259	600,053
Services and Supplies	1,509,869	1,953,690	1,503,924	2,358,707	2,158,750	205,060
Total Financing Uses	3,475,754	4,316,896	3,809,734	5,518,384	5,122,009	805,113
Change in Net Position	(3,475,754)	(4,316,896)	(3,809,734)	(5,518,384)	(5,122,009)	(805,113)

The Recommended Budget for the Communications & Outreach Department totals \$5,122,009, with \$2,936,259 allocated to salaries and benefits and \$2,158,750 to services and supplies. Compared to the prior year, personnel costs increased by \$600,053 due to higher benefit and salary expenses based on competitive market trends, the transfer of one administrative specialist position. The proposed Director of Legislative Affairs is currently budgeted here, but if approved will constitute a new department with reassigned Community Relations Managers. Services and supplies increased by \$205,060 from the prior year to account for additional initiatives to improve outreach and deeper engagement at the local and state level. The department includes the Director of Communications & Outreach and Director of Legislative Affairs and includes a total of 13 staff.

ACCOMPLISHMENTS

- Facilitated the successful enrollment of the City of Atascadero and unincorporated San Luis Obispo County, completing 3CE's regional Central Coast service area.
- Furthered the implementation of the Underserved Communities Plan by creating simplified, culturally and linguistically appropriate communications, and by partnering with local agencies and community-based organizations to improve information and access to 3CE services.
- Launched an awareness campaign in both English and Spanish focusing on 3CE community partnerships and ambassadors. Page views jumped 81%, showing audiences explored more content, while sessions surged 154%, reflecting more visits and new audience reach. The engagement rate climbed to 26%, up from 15% last year.
- Established the Community Relations Manager function to strengthen local and state impact, resulting in regional cooperation on battery safety and renewable policies concerning energy and energy storage.

FY 2025-26 FOCUS AREAS

- Redesign the 3CE website to improve customers' digital experience and access to 3CE information and programs.
- Fully operationalize new digital customer-relationship management and communication tools to drive innovation in customer communications.
- Establish and track Key Performance Indicators for customer service and satisfaction.
- Develop a state and federal lobbying strategy to further 3CE's goals.
- Continue to keep key stakeholders informed and engaged through regular communications with 3CE Member Agencies, state legislators, and local officials.



Energy Programs 2025-26 Overview



3CE's Energy Programs invest in our communities and support 3CE's mission to reduce greenhouse gas emissions and strengthen the local economy. These programs help 3CE customers transition from fossil-fuel power to clean-energy solutions.

TRANSPORTATION ELECTRIFICATION

The **Electrify Your Ride** Program provides a one-stop-shop for residential and commercial customers to receive rebates for EVs and EV chargers, and technical assistance for EV infrastructure planning.

2025-26 ANTICIPATED BUDGET: \$4.2 million – more than 2,000 distinct applications

The **Electric Bus** Program offers incentives for the purchase or lease of all-electric school, transit and agricultural-worker buses.

2025-26 ANTICIPATED BUDGET: \$1.4 million – 12+ E-buses

The **Plan, Charge, and Electrify Your Fleet** Programs support Member Agencies with incentives and technical assistance for zero-emission-fleet planning and implementation.

2025-26 ANTICIPATED BUDGET: \$2.1 million

The **Grants** budget is allocated to fund prior recipients with ongoing projects to plan, innovate, and implement new electrification.

2025-26 ANTICIPATED BUDGET: \$150,000

BUILDING ELECTRIFICATION

The revamped **Electrify Your Home 2.0** Program provides rebates and virtual home assessments for replacing fossil-fuel powered home appliances with all-electric alternatives, now including induction cooktops.

2025-26 ANTICIPATED BUDGET: \$2.5 million - more than 570 appliances

The **New Construction Electrification** Program offers incentives to build all-electric housing projects including water heating, space conditioning, and cooking appliances.

2025-26 ANTICIPATED BUDGET \$1.2 million – more than 450 all-electric housing units

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

2025-26 ANTICIPATED BUDGET: \$100,000

AGRICULTURAL ELECTRIFICATION

The **Ag Electrification** Program provides rebates to 3CE customers in and/or supporting the agriculture industry for all-electric equipment purchases.

2025-26 ANTICIPATED BUDGET: \$800,000

ENERGY OPTIMIZATION

The **Residential Battery Rebate** Program achieves load shifting during peak hours through incentivizing the installation of residential, behind-the-meter battery systems.

2025-26 ANTICIPATED BUDGET: \$1.5 million - more than 1,500 kWh daily load shift.

Interested in exploring the incentives available to 3CE customers?

Scan the QR Code to learn more!
3Cenergy.org/rebates-incentives



3CE PILOTS

NEW FOR FY 2025-26

The **Distributed Energy Resource Management System (DERMS) / Virtual Power Plant (VPP)** will optimize customers' load to enable bill savings, improve grid reliability and support decarbonization.

The **Microgrid** Pilot aims to enhance energy resilience, reduce utility costs, and support demand response through grid-connected microgrid battery storage at critical public facilities across 3CE's service area.

2025-26 ANTICIPATED BUDGET: \$200,000

CONTINUING FROM 2024-25

The **Hourly Flex Pricing** Pilot offers customer savings and operational benefits through real-time, dynamic price signals for agricultural, residential, and commercial 3CE customers, and includes system reliability benefits for agricultural customers via incentivized pumping automation.

The **EV Charger Asset** Pilot improves charging accessibility via 3CE-owned Level 2 and DC Fast Charger operations across 3CE community resilience hubs, corridor charging, and Member Agency sites.

2025-26 ANTICIPATED BUDGET: \$700,000



ANNUAL HIGHLIGHTS

— 2024-25 —

REGULATORY & LEGISLATIVE

Dynamic Advocacy Efforts

Staff led a joint CCA coalition for improved access to critical customer and load data; submitted three rounds of comments in support of customer affordability measures; participated in new interconnection reform initiatives; and facilitated 3CE's participation in a statewide procurement program for small-scale bioenergy projects.

FINANCE

Reaffirmation of 3CE's "A" Credit Rating

Staff presented to credit analysts at S&P Global Ratings (S&P). S&P affirmed 3CE's "A" issuer credit rating with a stable outlook, citing the agency's strong liquidity, high customer retention, and clean energy portfolio. The affirmation reflects confidence in 3CE's financial prudence, its responsible rate-setting, and the strength of its leadership and governance.

RISK MANAGEMENT

Enhanced Trading and Risk Management

In collaboration with the Data & Analytics department, staff developed and launched an in-house Energy Trade and Risk Management system that greatly enhances 3CE's ability to monitor and manage its energy, Resource Adequacy, and Renewable Energy Credit (REC) contracts. The system has improved overall risk management and operational transparency.

Stronger, Safer Data Governance

Staff led an internal audit focused on the handling of customer data. This initiative strengthened 3CE's data-governance practices and improved safeguards around the sharing of sensitive information.





ENERGY PROGRAMS

\$517,000 for New All-Electric Affordable Homes

3CE distributed more than \$517,000 in rebates across the Central Coast through the New Construction Electrification Program to support the construction of new all-electric affordable housing. To date, five affordable housing developments have received funding through the program, representing a total of 206 new all-electric units.

An Enhanced “Electrify Your Home” Program

Staff worked with 3CE’s Community Advisory Council and the Outreach team to develop Electrify Your Home 2.0, which will launch on October 1, 2025. The development of this new program included four community workshops and will result in increased offerings such as a virtual home assessment and rebates for induction cooktops.

Installing and Owning EV Chargers for New SLO Office

As part of the agency’s Electric Vehicle Charger Asset Pilot, 3CE installed EV chargers at the new San Luis Obispo office. Staff are working on three additional sites to complete pilot testing for both workplace and public charging to help encourage EV adoption.

COMMUNICATIONS & OUTREACH

Successful Enrollment of Atascadero and SLO County

Staff exceeded agency goals by enrolling 91% of eligible accounts and 94% of eligible load for the City of Atascadero and Unincorporated SLO County combined. The enrollment advertising campaign was 3CE’s strongest to date: digital ads in Spanish earned 3x the industry average click-through rate and English ads received more than 2x; related website engagement set an agency high at 20%; and website traffic grew 50+%. Staff also hosted five webinars, sponsored five Chamber events, and presented to 20 community organizations.

Improving Service for Underserved Communities

Guided by the Board-approved Action Plan, staff simplified messaging, developed a new bilingual bill-assistance trifold, and enhanced outreach to monolingual Spanish speakers. Video testimonials and Spanish-language promotions increased website traffic by 50%. 3CE’s call center has also expanded its Spanish-speaking team to four representatives and refined scripts to ensure they are inviting, culturally sensitive, and language-accessible. These efforts have resulted in a more positive and inclusive experience for Spanish-speaking customers.

Supporting Small, Local, and Diverse Businesses

3CE’s Annual Supplier Diversity Report, prepared in collaboration with the Regulatory Affairs & Compliance department, received recognition from the CPUC for highlighting the agency’s substantial spending with small, local, and diverse businesses and our ongoing collaboration with vendors across the Central Coast.

3CE Spreads the Word with Local Media

3CE’s media outreach generated local news coverage including 17 print and online stories and 22 TV news segments.

New Outreach to State and Local Governments, Community Groups

Since being established in January 2025, the Community Relations team has hosted 50 meetings with State and Local elected offices, 13 meetings with advocacy, labor, and business groups, and attended four town halls.



POWER SUPPLY RESOURCES

PPA Pre-Pay Implementation

Staff executed and integrated the PPA Pre-Pay Implementation structure, resulting in cost savings for 3CE customers.

RA Compliance in a Turbulent Market

3CE maintained full Resource Adequacy compliance despite ongoing market shifts.

Record Response to 2025 RFO

In May 2025, the Power Supply team issued its annual Request for Offers (RFO) and received an overwhelming response: over 200 submissions, more than double compared to last year. This increase reflects improvements that fine-tuned the process and clarified the requirements. Submissions included 110 standalone storage offers, 14 renewable-only, 42 resource-adequacy-only, 41 solar-plus-storage, and three index-plus proposals.



EMISSIONS

633,025 metric tons of CO2 emissions avoided through PPAs & Electrification.

Equivalent to removing 147,656 gasoline-powered passenger vehicles from the road for a year.



Central Coast
**Community
Energy**

Definition of Terms

3CE	Central Coast Community Energy
ACFR	Annual Comprehensive Financial Report
BioMAT	Bioenergy Market Adjusting Tariff
CAC	Community Advisory Council
CAISO	California Independent System Operator
CalCCA	California Community Choice Association
CBO	Community-Based Organization
CCA	Community Choice Aggregator
CCO	Chief Communications Officer
CEC	California Energy Commission
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIR	Capital Infrastructure Reserve
COE	Cost of Energy
COO	Chief Operations Officer
COS	Cost of Service
CPUC	California Public Utilities Commission
CRM	Customer Relationship Management
ERRA	Energy Resource Recovery Account
ETRM	Energy Trading and Risk Management
FTE	Full-Time Equivalent
GAAP	Generally Accepted Accounting Principles
HRIS	Human Resources Information Systems
IOU	Investor-Owned Utility
kWh	Kilowatt-hour
LSE	Load Serving Entity
MPB	Market-Price Benchmark
MWh	Megawatt-hour
PCIA	Power Charge Indifference Adjustment
PPA	Power Purchase Agreement
RA	Resource Adequacy
RPS	Renewable Portfolio Standard



