



Central Coast
**Community
Energy**



2023 ANNUAL IMPACT REPORT

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February 2024

Dear Boards and community members,

I am pleased to present Central Coast Community Energy's (3CE) 2023 Impact Report. As we move ever closer to 100% clean and renewable energy, 3CE is making a positive change in the lives of our customers and providing opportunities to actively participate in the fight against climate change.

This year, 3CE celebrated five years of service and hit many significant milestones. We welcomed San Luis Obispo County and the City of Atascadero as members. We invested in the largest clean energy project in U.S. history and saw power delivered from the first new geothermal power plant built in the last 30 years within the California Independent System Operator (CAISO) power grid.

With the support of local labor and community stakeholders, 3CE formally adopted Project Selection Methodology that ensure our investments in renewable energy projects, meet our clean energy goals, reflect the demand for a skilled workforce, encourage innovation, and engage communities where projects will be located.

Our progress has been significant, but there remains work to do in acquiring additional sources of renewable energy, bringing investment to our communities, and being purposeful in our commitment to energy equity and affordability.

As we look ahead, we can't lose sight of the differences 3CE is making today, not only through the procurement of clean energy, but through our community programs that have helped over 1,000 customers adopt clean electric vehicles, improved air quality through all-electric homes, removed diesel buses, and are spurring a fundamental change toward electrification among our agricultural communities.

Together with our dedicated staff, I am honored to carry out the mission of 3CE and to earn the support of the more than one million customers we serve. We invite everyone in our Central Coast community to enjoy this report and to let us know how we can better empower you to take meaningful climate action. We are committed to accelerating the path to a clean and sustainable future.

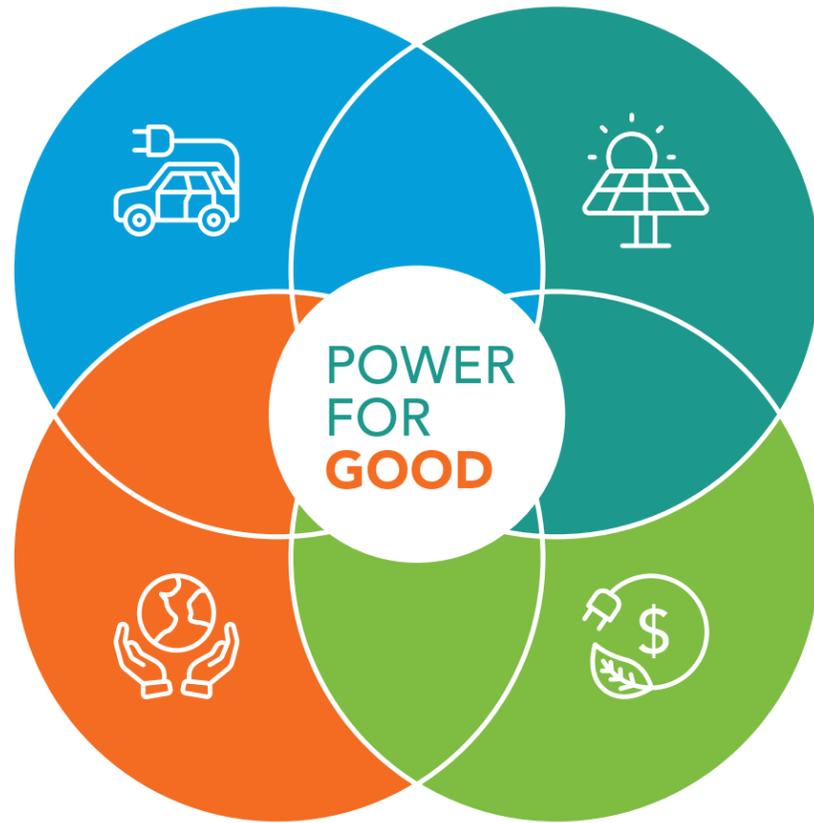
Thank you,



Robert M. Shaw
Chief Executive Officer



Our Focus



LOWER EMISSIONS

3CE is focused on reducing greenhouse gas emissions caused by burning fossil fuels. By sourcing cost-effective clean and renewable energy and providing customers with tools and financial resources to electrify their transportation, homes, and businesses, we are making powerful progress toward this goal.

CLEANER, MORE RELIABLE GRID

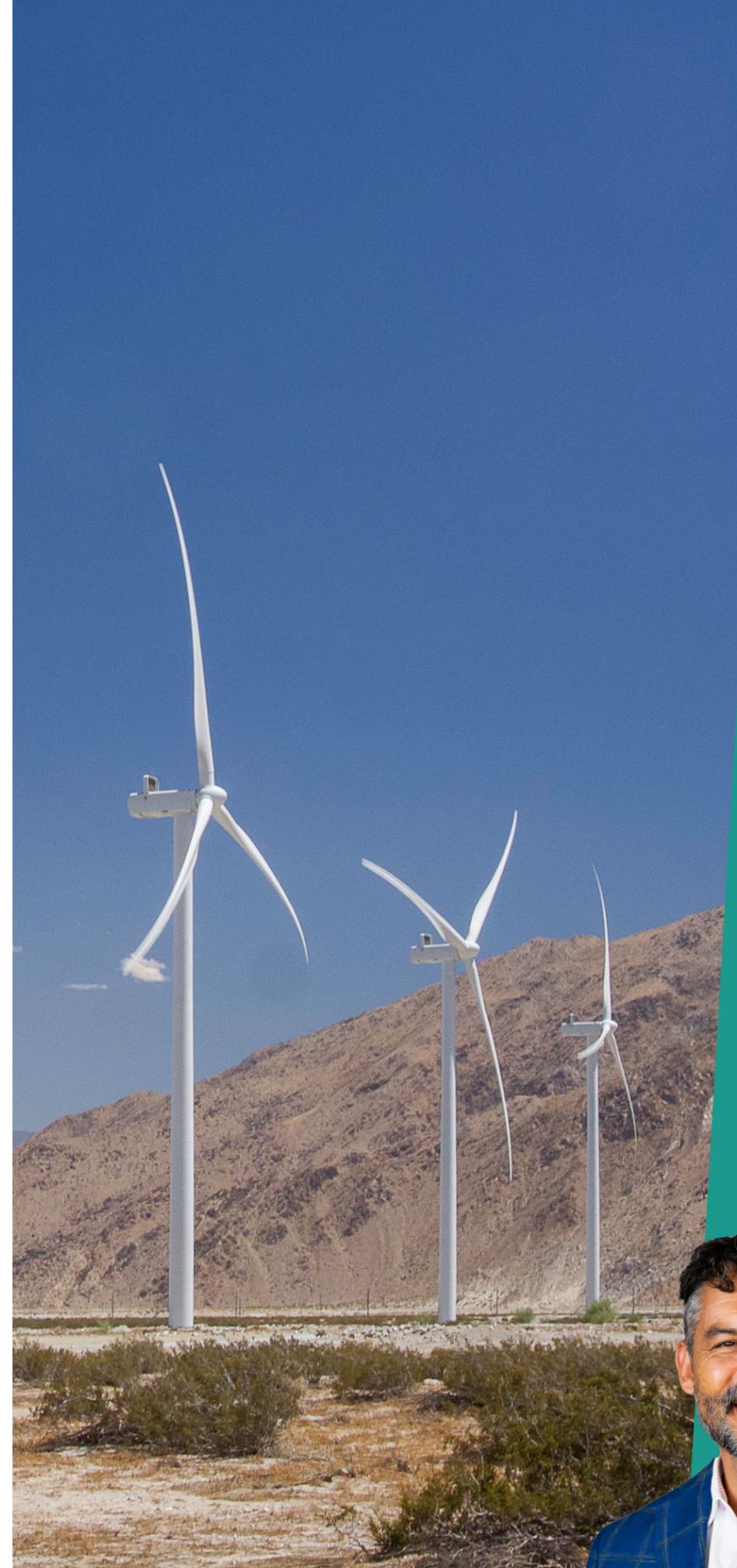
On behalf of our customers and the planet, 3CE supports additional, new renewable energy and energy storage projects that make California's grid cleaner and more reliable. Together with our customers, we're on a path to 100% clean and renewable energy.

COMMUNITY INVESTMENT

3CE responsibly serves California's Central Coast ensuring that our programs and operations invest equitably in our local communities. Next to procuring clean and renewable energy, investing in customers and communities we serve is the driving force for all 3CE does.

STABLE AND RESPONSIBLE RATES

As a public agency, 3CE is committed to a transparent and inclusive process for all operations and policies. Nowhere is this more apparent than in the rate-setting process where the goals are clear and consistent: covering the costs to generate electricity from clean and renewable energy, ensuring stable and prudent fiscal customers, and investing in our customers and communities.



"3CE is leading by example to make the grid cleaner and more reliable for all Californians. Our procurement strategy is based on the idea of additionality: real progress toward 100% clean and renewable energy means adding new resources to the grid. One of my priorities as Board Chair is to invest in more projects that are local and fully satisfy our labor and environmental justice criteria. Cost savings for our customers is also top of mind, and measures like our pre-payment bonds will keep rates responsible and competitive. At an individual level, helping customers electrify their vehicles, homes, and businesses with rebates and technical assistance rounds out our commitment to serve our local communities and drive progress towards our renewable energy goals."



– Das Williams
3CE Policy Board Chair,
County of Santa Barbara
Supervisor

Year at a Glance



San Luis Obispo County Votes to Join 3CE
140,000 new customers to enroll January 2025

3CE Customers Make 2023 a Record Year for Energy Programs

When 3CE provided the tools and financial resources to help customers electrify their transportation, buildings, and our iconic ag industry, our customers leaned in.

Ag Electrification \$700,000 in rebates

24 rebates for all-electric utility vehicles/tractors, irrigation pumps, harvesters, forklifts, scissor lifts, generators and chillers

17 of 30 projects supported designated Small Business farms

Transportation Electrification \$3.7 million in rebates

750 EV chargers

1,000 new or used EVs

600 "readiness" electric panel updates

Building Electrification \$1.97 million in rebates

78 all-electric water heaters

412 all-electric heating or air conditioning units

200 newly built all-electric affordable housing units

"It's impressive to see the progress 3CE helps make possible, both locally and statewide. In this past year, we brought a new solar-plus-storage facility online, and we invested in an innovative compressed-air project that will store energy longer than conventional batteries. Since its inception, 3CE has spawned billions in investment in renewable carbon-free energy. Meanwhile, 3CE customers put more than 1,000 new EVs on the road with help from the agency's rebates. I'm especially heartened by the County of San Luis Obispo and the City of Atascadero's decision to join 3CE – these are important votes of confidence in the work we're doing and bring unity to local energy policy across the Central Coast."

– Derek Johnson
3CE Operations Board Chair and
Director of Community Development
for the City of San Luis Obispo

Supporting the Largest Compressed Air Energy Storage Project in the World

Willow Rock Energy Storage Center will provide 200 MW annually for 25 years

Innovative technology reduces environmental impact and hazards of traditional batteries

Expected online in 2028. Enough clean energy storage to power 150,000 homes

Supporting the Largest Clean Energy Infrastructure Project in U.S. History

SunZia Wind Project will provide 3CE 200 MW annually for 15 years

Wind energy typically peaks when solar energy fades, providing balance for grid

Expected online in 2026. Enough clean energy generation to power 150,000 homes

5 YEARS
OF SERVICE
AND POWERFUL PROGRESS

More than 1.1 million customers and 33 Central Coast communities served

\$2.8 billion invested in renewable energy and energy storage projects

\$26 million made available to customers through 3CE Energy Programs

"3CE delivers economic and environmental benefits throughout the Central Coast region and in communities that need it most. Our cities and counties save money and lower emissions when they purchase and operate electric buses and electric street sweepers. Residents and local businesses, too, experience cost savings and environmental benefits when they electrify their own transportation. It's through programs like these that we improve air quality and quality of life in our communities."

– Yvette Lopez Brooks
3CE Policy Board Vice Chair,
Vice Mayor of Capitola

Renewable, Reliable Grid

Central Coast Community Energy customers helped move the agency to several major renewable energy milestones in 2023. Investment in these new renewable energy projects allows our community to make incremental progress towards our shared goal of 100% renewable energy. Reliable and renewable energy requires a diverse **portfolio of renewables** coupled with **innovative energy storage** capacity. Here's what we've done this year to bring renewable and reliable energy to the Central Coast community.

- When solar energy fades, the wind turbines keep spinning. SunZia, our largest wind energy contract to date, will supply 11% of 3CE's total load for the next 15 years.
- No matter the weather or time of day, California's first major geothermal project in 30 years is now online and provides clean energy to 3CE customers 24/7.
- Two new solar-plus-energy-storage projects, Yellow Pine Solar Energy Center and San Luis West Solar and Storage, will provide enough renewable energy to power more than 100,000 homes annually.

OUR PROGRESS TO 100% RENEWABLE



Building new energy storage capacity is essential to maximizing the benefits of our renewables portfolio, and it's also critical to making California's grid more reliable.

To do so, 3CE is partnering with Willow Rock Energy Storage Center, one of the world's most advanced compressed-air energy storage facilities, located right here in California.



Innovating to Reduce Emissions

How can we reduce emissions at existing, active non-renewable facilities? Deploying battery technology at natural-gas facilities is a key strategy to reduce emissions for our communities and build reliability for California. 3CE will continue to explore and invest in new technologies that not only bring new renewable energy to the market, but also reduce emissions of the conventional grid. Each year, through innovation and shared accomplishments, we move farther along the road to 100% clean and renewable energy.



"A clean, reliable electric grid is critical to reducing emissions and building community resilience to climate change. With the right investments in clean technology and customer engagement, we can harness renewable energy that is generated and stored locally. This will bring more control to customers and communities and keep energy costs affordable."

"3CE continues to weave diverse clean and renewable energy resources into the grid. From geothermal to solar and wind, we've invested boldly in projects that bring clean, emission-free power online. This commitment has made 3CE a major contributor to the renewable energy landscape."

– Bruce McPherson
Santa Cruz County Supervisor,
3CE Policy Board Member

– Garrett Wong
Climate Program Manager,
County of Santa Barbara



Community Investment Through Energy Programs

As a local public agency, 3CE's core mission is to serve customers and the community. By investing in our communities, 3CE gives our customers tools and resources to make energy choices that reflect their personal values and lifestyles. Customers can apply for rebates to electrify their transportation, homes, and work spaces. Demonstrating 3CE's commitment to equity in community investment, more than one-third of program dollars this year went to projects supporting underserved

customers or communities.

Electrifying the Central Coast is not only good for business and for the environment, it also makes our lives healthier. Last year, rebates from our Energy Programs helped reduce estimated carbon dioxide emissions equivalent to taking almost 700 cars off the road – and that's in addition to the nearly 1,000 new electric vehicles 3CE helped fund.

Reducing Emissions Through New, All-Electric Affordable and Farmworker Housing

Communities throughout the Central Coast are facing challenges in increasing housing supplies and building new housing to meet regional needs. Equipping these new homes with all-electric appliances is the best way to improve residents' health by reducing greenhouse gas emissions and improving indoor air quality, while future-proofing against the need for costly retrofits. 3CE is helping to ensure that new housing is built all-electric by offering incentives through our **New Construction Electrification Program**.



In October, Sparrow Terrace, a development of 72 new affordable rental apartments in Watsonville, reached a construction milestone with a wall-raising ceremony, a powerful symbol of hope for its future residents. The development will include a community center, green spaces, garden boxes, and a playground, and will receive a portion of its power from a solar energy system. The project is funded in part by a \$180,000 contribution from 3CE.

Farmworker families are preferred for 35 homes, and six homes are reserved for individuals who have been unhoused. Residents will receive free onsite services such as help with employment, exercise and nutrition, and access to community resources, and those with supportive housing needs will be provided with case management.



"CHISPA is starting to move 66 families into our affordable Alfred Diaz-Infante Apartment building. We are happy to hear the sounds of children on the play equipment! It is comforting to know that our property will not contribute to Monterey County's greenhouse gas load – our heating, kitchens, and laundry facilities are all electric. Thank you to 3CE for helping us fund this clean-energy complex!"

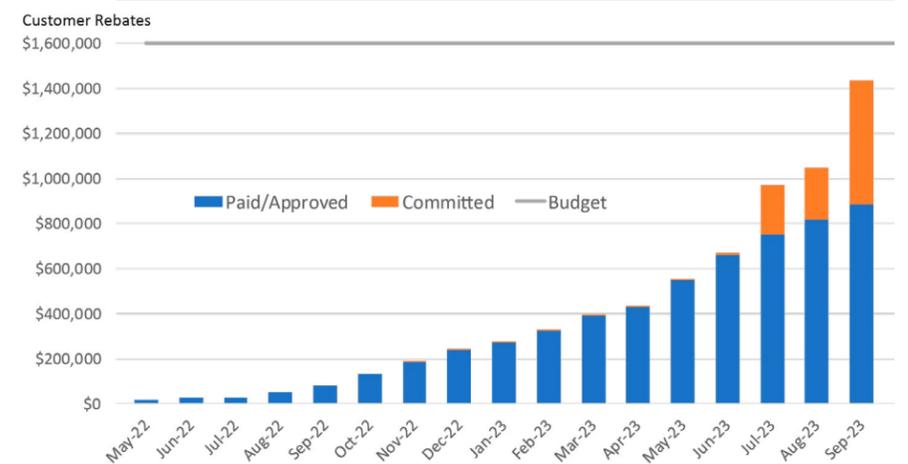
– Dana Cleary
Director of Real Estate Development, CHISPA

Looking ahead, the New Construction Electrification Program will support 17 new affordable housing projects in our communities – totaling 200 new units – with completion dates ranging from 2024 to 2026. Projects underway include the Cienega Heights development in Watsonville, expected to complete construction in February 2024; Riverview Estates II in Hollister; and the Lower Stilwell project for military families in Seaside.

Making Homes Healthier, Safer and More Efficient

Homeowners can make their home spaces safer, healthier, and more comfortable by switching gas-fired water heaters and HVAC equipment to all-electric heat-pump technology. This year, an unprecedented number of customers received rebates from 3CE's **Electrify Your Home Program**, with \$1.4 million in funding reserved for 590 residential heat-pump projects.

"Electrify Your Home" Program Growth



Contractors participating in the Electrify Your Home program receive free, high-quality education and training, project support including pre-installation analysis, and hands-on support for those who serve and hire workers in low-income communities.



“As far as the electrification part – I just really want to be on the cutting edge using the best available technologies as well as being the most efficient. Heat pumps are quieter and provide a pathway for customers to be comfortable all the time. The general feedback is one of two things: ‘I am more comfortable all the time and it does not cost me any more than the gas heater did.’ OR – ‘I am comfortable all the time and it is costing me less than the gas heater did.’ In general, this program has made my company. At the start I had two employees, now I have seven and four trucks. Over the two years, I finally made all the right contacts to get anything figured out and I am a supporter of the program.”

– Dave Brown
Contractor and Electrician,
DB Heating Cooling



Over the 40 years that Mickey Larsen has lived in his Santa Cruz County home, his heating system has progressed with the latest in clean technology. He first transitioned from a wood to a gas fireplace for cleaner and more efficient heating. Now most recently, with the help of a 3CE rebate, he added an electric heat pump to his home. *“The electric heat floats very nicely and quietly throughout the house,”* Larsen says. *“The gas heat, which I’ve had for 20 years or so, is more of a rush of heat and it’s rougher.”* Larsen says his new system is more convenient, efficient, and economical than his old gas stove: *“Who wouldn’t want to save money? The rebate tipped the scale for me and I’m happy I did it.”*

Electric Buses Support Those in Need

Affordable, accessible transportation helps the people of the Central Coast live fuller lives and enjoy a wider range of activities. Electrifying the buses and vans that travel our roads improves local transportation services and air quality, a win-win for the community and the environment. Moreover, bus electrification means greater capacity to participate in future vehicle-to-grid technologies. But for many underserved communities and nonprofits on the Central Coast, electric buses seemed a luxury unattainable...until 3CE’s **Electric Bus Program** rolled into town.

- In September 2023, the City of Guadalupe debuted its first all-electric transit bus with the help of a \$250,000 rebate from 3CE. The bus is operated in partnership between the City and Smooth to serve a small Central Coast community where nearly one-third of residents live at or below the state poverty line. In addition to providing critical transportation services, the new bus is projected to reduce greenhouse gas emissions by more than 85 metric tons of CO2 each year – equivalent to taking 18 gas-powered passenger vehicles off the road. 3CE has offered incentives and rebates for electric buses for two years now, awarding nearly \$1.1 million in funds for 24 new, clean-running vehicles. Guadalupe transit-system ridership is projected to grow by nearly 23% year over year in 2023-24.
- In August, the Gateway Center of Monterey County, which serves adults with developmental disabilities, held a ribbon-cutting for its new, wheelchair-accessible transport van. Gateway’s mission is to empower its participants to live full and productive lives with dignity and independence within the community, and the new E-van will let the Center help more people while providing a healthier ride. The purchase was made possible with a \$2,000 rebate from 3CE’s **Electrify Your Ride Program**. Gateway Center of Monterey County is a nonprofit, community-based organization that provides a wide range of services, including residential care, developmental training, and activity programs.



“The City of Guadalupe is grateful to be part of Central Coast Community Energy. Through 3CE, our energy needs are heard, and our community receives direct benefits from the clean energy and electrification programs offered by 3CE.”

– Todd Bodem
Guadalupe City Administrator

“The all-electric van helps save hundreds of dollars in weekly fuel costs when transporting residents, clients, and students throughout the community. Beyond reducing our costs and carbon footprint, the bus is a source of comfort and pride for our clients.”

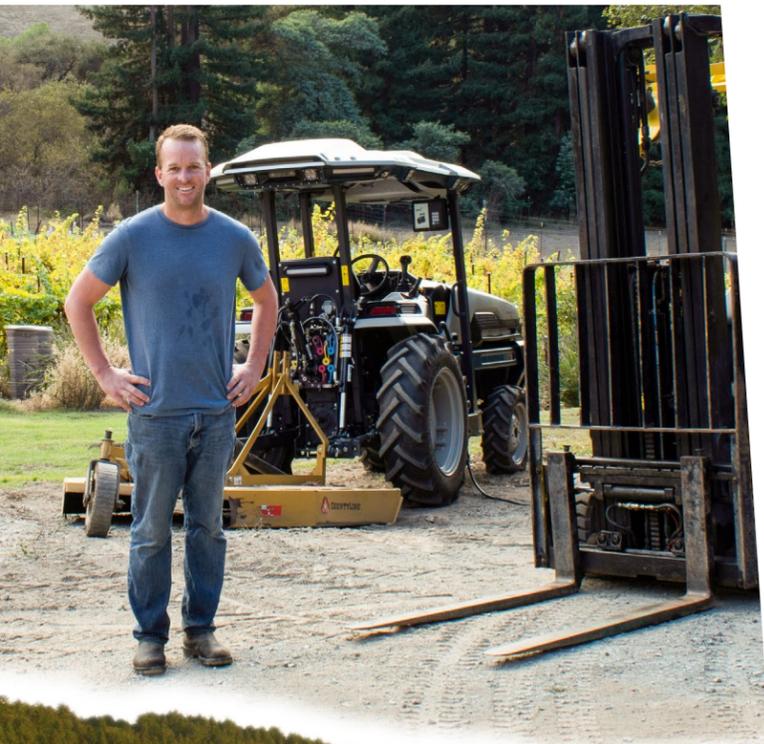
– Robert Freiri
Executive Director of Gateway Center



Growing a Sustainable Future

California farms are an iconic source of health and natural bounty, planting the seeds of a sustainable future for generations to come. The fruit, vegetable, and wine growing operations of the Central Coast are leading innovators in the state and have proved themselves to be ripe for electrification.

Anatum Winery sits quietly in rolling hills along Falcon View Terrace in Watsonville. Contributing to the peacefulness, owner Chris Broaddus operates all-electric equipment throughout the property. He decided to remove diesel-powered equipment from the vineyard to reduce both fossil-fuel emissions and noise. Broaddus has applied for and received an equipment rebate every year since 3CE launched our innovative **Ag Electrification Program** in 2019. Together, his all-electric equipment – including a standard-size tractor, utility vehicle, forklift, and steam box – spares about 982 gallons of diesel per year, equivalent to taking two gas-fueled cars off the road and showing how even smaller farms can make a difference.



“3CE’s ag electrification rebates for our vineyard and winery equipment, paired with the ability to charge off solar and batteries, have been a game-changer,” said Broaddus. “We’re not only reducing business costs but also reducing our environmental footprint. Embracing these incentives has helped our family business to grow in a way that aligns with our values of protecting the land we rely on.”

– Chris Broaddus
Anatum Winery

New electric equipment can require training to install and operate. In September, 3CE Policy Board Director Steve McShane along with agency staff met with the Ag and Land Based Training Association (ALBA) in Salinas. ALBA is an organic farm incubator, providing workforce development and education to aspiring farmers through hands-on training. Two small farmers who went through ALBA’s training received 3CE rebates for all-electric “micro-tractors,” and ALBA received an incentive to purchase the same model for its training courses.



“We’re grateful for the rebate because we’re always trying to improve our carbon footprint and our mission aligns with 3CE.”

A lot of ag tech is out of the price range for small farms like ALBA. Incentives like the 3CE Ag Electrification Program have made this equipment possible.”

– Nathan Harkleroad
ALBA Program Director

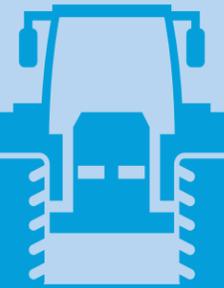
To support their new electric equipment, customers participating in the Ag Electrification Program can receive no-cost concierge service for installing charging stations, and farms are also eligible to receive incentives for EV chargers and readiness through the **Electrify Your Ride Program**.

This year, 3CE approved **\$700,000** to fund **30** Ag Electrification projects for farms in all five counties the agency serves, with most of the participating farms being small local businesses.

28%
Irrigation Pumps,
Portable Power &
Other Harvest Equipment



32%
Tractors & Forklifts



40%
Utility Vehicles



Responsible Rates and Cost Savings

Doing More with Your Energy

Amidst a year of continued volatility in the energy market, 3CE maintained stability and cost savings. Despite steady increases in statewide and national energy costs during recent years, 2023 marked yet another year when 3CE customers saved money relative to our investor-owned utility counterparts. In the latest rate comparison, 3CE customers saved an average of 24% in 2023.

To continue cost savings for customers over time, 3CE secured its first prepay bond issuance to finance clean-energy supplies. The \$647.8 million bond issuance is projected to save 3CE customers nearly 11.4% in energy costs, which translates to \$32.9 million in the cost of energy over the initial seven-year period of the bonds.

The value of choosing 3CE for clean energy goes beyond responsible rates and cost savings. This year, 3CE allocated \$6 million in community investment through energy program customer rebates.

When 3CE customers pay their bills, they're doing more with their energy than ever before. Revenue generated by customers stays local and helps keep electricity rates affordable, while also funding innovative renewable energy projects and energy programs designed to lower greenhouse gas emissions and stimulate economic development. Together with our customers, we're using **power for good.**

3CE in the Community

A Voice for Our Customers

3CE is an integral part of the communities we serve. We are dedicated to being a leading voice in California's statewide clean-energy transition, as well as providing public education, outreach, and participating in local events.

This year, at the agency's annual meeting celebrating five years of service, 3CE helped lead the state-level dialogue on renewable energy by hosting discussion panels that included officials from the California Public Utilities Commission, the state Department of Water Resources, the state Air Resources Board, and the California Farm Bureau Federation. 3CE membership gives our communities a literal seat at the table by convening panels like "Community Electrification Exchange: Leaders in Dialogue," moderated by the Sustainability & Natural Resources Official for the City of San Luis Obispo. This was also the year when the San Luis Obispo County Board of Supervisors voted to join 3CE, bringing the unincorporated area of the county into membership and completing the agency's planned expansion following the City of Atascadero voting to join last year.



Community Outreach and Education

3CE employees live, work, and play in the Central Coast community. We're your neighbors, your colleagues, and your friends. Our outreach team conducts and sponsors a wide variety of events throughout the year to support a thriving Central Coast. This year, 3CE staff participated in or sponsored almost 70 outreach events in partnership with community-based organizations and local agencies. We provided our expertise at the California Public Utilities Commission Small and Diverse Business Expo, participated in local television, radio and digital media features, sponsored multiple regional Earth Day celebrations, and hosted a series of bilingual educational webinars. We served as an informational, educational, and funding resource to 33 local cities and counties. As we march towards 100% renewable energy and invest in our communities, we're building a bright, sustainable future for the Central Coast.



"It's incredibly rewarding to see the shared successes 3CE and its customers have achieved during my past three years as Policy Board Chair. With the remarkable dedication and passion among the members and current leadership of the board, and the talent and professionalism of agency staff, 3CE will continue on the way toward a sustainable energy future for the Central Coast."

– Steve McShane
3CE Policy Board Member,
Salinas City Council Member

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POWER FOR GOOD

Farmers Market, San Luis Obispo