Ava Community Energy

Board of Directors Meeting

Wednesday, March 20, 2024
6:00 pm

In Person
The Lake Merritt Room
Cal State East Bay - the Oakland Center
In the Transpacific Centre
1000 Broadway, Suite 109
Oakland, CA 94607

Or from the following remote locations:

- Member Bartlett – Wells Fargo Building - 2140 Shattuck Avenue, Floor 6, Berkeley, CA 94704
- Member Kaur – Clipper Club - 5 Captain Dr. Emeryville, CA 94608
- Member Hu – Dublin City Hall - 100 Civic Plaza, Dublin, CA 94568
- Member Cox – Conference Room - Irvington Community Center 41885 Blacow Rd. Fremont, CA 94538
- Member Diallo – Lobby – Los Angeles Marriott Burbank Airport Hotel – 2500 North Hollywood Way Burbank, California, USA, 91505
- Member Wright – Stockton City Hall 425 N. El Dorado St. Stockton, CA 95202
- Member Bedolla – 1755 Harvest Landing Lane, Tracy, CA 95376
- Member Patino – Los Angeles Marriott Burbank Airport – Lobby 2500 N Hollywood Way, Burbank, CA 91505

Via Zoom:
https://ebce-org.zoom.us/j/87023071843
Dial(for higher quality, dial a number based on your current location): US: +1 669 900 6833 or +1 346 248 7799 or +1 253 215 8782 or +1 929 205 6099 or +1 301 715 8592 or 888 475 4499 (Toll Free) or 877 853 5257 (Toll Free)
Webinar ID: 870 2307 1843

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting materials, should contact the Clerk of the Board at least 2 working days before the meeting at (510) 906-0491 or cob@avaenergy.org.

If you have anything that you wish to be distributed to the Board of Directors, please email it to the clerk by 5:00 pm the day prior to the meeting.

1. **Welcome & Roll Call**

2. **Pledge of Allegiance**

3. **Public Comment**
This item is reserved for persons wishing to address the Board on any Ava Community Energy-related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Board are customarily limited to two minutes per speaker and must complete an electronic speaker slip. The Board Chair may increase or decrease the time allotted to each speaker.

4. **Closed Session Public Comment**

5. **Closed Session**
A. Public Employee Appointment pursuant to Code § 54957(b)(1)): Chief Executive Officer.

6. **General Report Out of Closed Session**

CONSENT AGENDA

7. **Approval of Minutes from February 21, 2024**

8. **Contracts Entered into (Informational Item)**

9. **Ascend Analytics Saas First Amendment**
First amendment for Ascend Analytics SaaS agreement for additional NTE

10. **Tulare Solar Center, LLC, Amendment**
Contract Amendment for Tulare Solar Center (aka Luciana) Solar project

11. **Consulting Services Agreement with PA Consulting Group, Inc.**
Approve a Resolution authorizing the CEO to negotiate and execute a CSA with PA Consulting Group, Inc. to provide market entry analysis and support services to Ava Direct-Current Fast Charging (DCFC) program.

12. **CAC Appointments**
Appointment of new CAC Members and Alternates

13. **Legislative Update**
Informational update on the state bills Ava has been tracking this year

14. **2023 Supplier Diversity Report Overview**
Overview of 2023 Supplier Diversity Report to the CPUC

15. **Accounts Receivable Recovery Policy Amendment**

Update and amend the current Accounts Receivable Recovery Policy

16. **Write Off Policy**
Approve a policy to write off uncollectible aged accounts.

17. **Default Product Change Policy Update**
Updates to the policy

18. **Credit Rating Affirmation**
S&P Global re-affirms Ava's credit rating as "A-Stable"

REGULAR AGENDA

19. **CEO Report**

20. **CAC Chair Report**

21. **Load Management Standards (LMS) Compliance Plan (Action Item)**
Compliance item for the CEC's Load Management Standards

22. **Renewable Surplus Allocation and GASB 62 Methodology (Action Item)**
Approve FY22-23 surplus funds for long-term renewable energy investments.

23. **Treasury Manager Selection (Action Item)**
Approve the RFP selected Treasury Manager

24. **Investment Policy (Action Item)**
Please note: This item will be continued to the April 17, 2024 Board of Directors meeting.

25. **Approval of a Short-Term Extension of Employment Agreement with Chief Executive Officer and Discussion of Succession Plan/Recruitment of new CEO (Action Item)**

26. **Board Member and Staff Announcements including requests to place items on future Board agendas**

27. **Closed Session Public Comment**

28. **Closed Session**
B. Conference with Real Property Negotiators pursuant to Government Code § 54956.8: 251 8th Street (Negotiators: CEO Nick Chaset, COO Howard Chang, General Counsel Inder Khalsa) (price and terms of payment).

29. **General Report Out of Closed Session**

30. **Adjourn**

The next Board of Directors meeting will be held on Wednesday, April 17, 2024 at 6:00 pm.

The Lake Merritt Room
Cal State East Bay - the Oakland Center
In the Transpacific Centre
1000 Broadway, Suite 109
Oakland, CA 94607

Draft Minutes

Board of Directors Meeting

Wednesday, February 21, 2024
6:00 pm

In Person
The Lake Merritt Room
Cal State East Bay - the Oakland Center
In the Transpacific Centre
1000 Broadway, Suite 109
Oakland, CA 94607

Or from the following remote locations:

- Member Tiedemann – 1121 L St #408 Sacramento, CA 95814
- Member Bartlett – Wells Fargo Building - 2140 Shattuck Avenue, Floor 6, Berkeley, CA 94704
- Member Barrientos – Residence Inn Bakersfield Lobby - 4241 Chester Ln, Bakersfield, CA 93309
- Member Kaur – Clipper Club - 5 Captain Dr. Emeryville, CA 94608
- Member Cox – Conference Room - Irvington Community Center 41885 Blacow Rd. Fremont, CA 94538
- Member Warmsley – Hilton Stockton Lobby - 2323 Grand Canal Boulevard, Stockton, CA, 95207
- Member Bedolla – 1755 Harvest Landing Lane, Tracy, CA 95376
- Member Patino – Tenaya Lodge Lobby - 1122 Highway 41 Fish Camp, CA 93623
- CAC Chair Eldred - 500 metros Este del Canopy, Calle, Montezuma-Delicias Rd, Provincia de Puntarenas, Montezuma, 60111, Costa Rica

Via Zoom:
https://ebce-org.zoom.us/j/87023071843
Dial(for higher quality, dial a number based on your current location): US: +1 669 900 6833 or +1 346 248 7799 or +1 253 215 8782 or +1 929 205 6099 or +1 301 715 8592 or 888 475 4499 (Toll Free) or 877 853 5257 (Toll Free)
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If you have anything that you wish to be distributed to the Board of Directors, please email it to the clerk by 5:00 pm the day prior to the meeting.

1. **Welcome & Roll Call**
Present: Directors: Tiedemann (Albany), Kaur (Emeryville), Cox (Fremont), Roche (Hayward), Diallo (Lathrop), Barrientos (Livermore), Kalb (Oakland), Andersen (Piedmont), Gonzalez (San Leandro), Warmsley (Stockton), Bedolla (Tracy), Patino (Union City), CAC Vice-Chair Souza (Community Advisory Committee), Vice-Chair Balch (Pleasanton) and Chair Marquez (Alameda County)

Not Present: Directors: Bartlett (Berkeley), Hu (Dublin) and Jorgens (Newark)

Director Diallo was sworn in as the voting representative for the City of Lathrop.
Director Warmsley served as the voting representative for the City of Stockton (Director Wright).
CAC Vice-Chair Souza served as the representative for the Community Advisory Committee (CAC Chair Hernandez).

2. **Pledge of Allegiance**
Chair Marquez led the body in the Pledge of Allegiance.

3. **Public Comment**
This item is reserved for persons wishing to address the Board on any Ava Community Energy-related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Board are customarily limited to two minutes per speaker and must complete an electronic speaker slip. The Board Chair may increase or decrease the time allotted to each speaker.

(15:51) Public Comment: Jessica Tovar stated that the Board should consider offering smaller and more accessible Community Innovation Grants for smaller community organizations. For example, in addition to the current $100,000 grant, she suggested that a $50,000 grant with a three-year commitment should also be offered.

(18:05) Public Comment: Bradley Cleveland representing IBEW Local 595 and the Northern California Electrical Contractors Association, asked about the status of the Critical Municipal Facilities Program and its impact on training opportunities for local apprentices, particularly in relation to microgrids. He expressed concern over delays and the lack of updates on both Phase 1 and Phase 2 of the program and requested information about when updates would be provided.

4. **Closed Session Public Comment**
<u>There were no public comments for closed session.</u>

5. **(21:45) Closed Session**

a. Public Employee Performance Evaluation and Appointment pursuant to Government Code § 54957: Chief Executive Officer; Conference with Labor Negotiators (Negotiators: Board Chair and Vice Chair) (Unrepresented Employee: Chief Executive Officer).

6. General Report Out of Closed Session
(1:40:15) There were no items to report out of closed session.

CONSENT AGENDA

7. Approval of Minutes from January 17, 2024

8. Contracts Entered into (Informational Item)

9. State Legislative Advocate
Adopt a Resolution authorizing the CEO to negotiate and execute a CSA with Omni government representation services.

10. Amendment to Celery Design Collaborative CSA
Adopt a resolution authorizing the CEO to negotiate and execute the sixth amendment to the CSA with Celery Design Collaborative

11. Fiscal Year 2023-2024 Q2 Financial Statements
Second quarter financial statements for the current fiscal year.

12. Arup Amendment
Approve Resolution Authorizing Ava CEO to Negotiate and Execute an Amendment to the Agreement with Arup to Provide Grant Writing Support and General Technical Consulting Services

(1:41:00) Member Gonzalez motioned to approve the Consent Agenda. Vice-Chair Balch seconded the motion, which was approved 11/0/6.
Yes: Members Tiedemann, Kaur, Cox, Roche, Diallo, Barrientos, Kalb, Andersen, Gonzalez, Vice-Chair Balch and Chair Marquez.
Not Present: Members Bartlett, Hu, Jorgens , Warmsley, Bedolla and Patino

(Please note: Consent Item 9 was re-opened for a separate vote at 1:56:13.)

REGULAR AGENDA

13. CEO Report
(1:42:37) CEO Chaset reported on topics addressed at the February 7, 2024 Executive Committee meeting and the February 16, 2024 Marketing, Regulatory and Legislative Subcommittee meeting.

14. CAC Chair Report
(1:43:43) CAC Vice-Chair Souza expressed her gratitude to former CAC Chair Eldred. CAC Vice-Chair Souza also announced that CAC Member Hernandez is the new chair of

the CAC, and that she is the new vice-chair. She discussed recent meeting topics including:

- **a.** CAC member support for resilience hubs,
- **b.** local versus foreign procurement projects,
- **c.** the need for smaller community grants,
- **d.** CAC member support for local hiring and training initiatives, and
- **e.** CAC member support for energy efficiency building projects.

15. Selection of Chair and Vice-Chair (Action Item)
(1:48:04) Member Gonzalez motioned to appoint Member Tiedemann and Vice-Chair and Member Balch as Chair. Chair Marquez seconded the motion, which was approved 13/0/4:
Yes: Members Tiedemann, Kaur, Cox, Roche, Diallo, Barrientos, Kalb, Andersen, Gonzalez, Warmsley, Patino, Vice-Chair Balch and Chair Marquez.
Not Present: Members Bartlett, Hu, Jorgens and Bedolla

(1:51:07) Member Marquez passed the gavel to Chair Balch.

(1:51:50) Chair Balch and **Member Patino** thanked Member Marquez for her leadership.

(1:53:58) Public Comment: Jessica Tovar, representing the East Bay Clean Power Alliance and Local Clean Energy Alliance, thanked Member Marquez for the leadership that she has provided for Ava Community Energy and in the energy sector.

(1:56:13) Consent Item 9 was re-opened by **Chair Balch** for a vote separate from the other items in the Consent Agenda. **Member Kalb** recused himself from this vote and left the room.

Member Gonzalez motioned to approve Consent Agenda Item 9. Member Cox seconded the motion, which was approved 13/0/3/1:
Yes: Members Marquez, Kaur, Cox, Roche, Diallo, Barrientos, Andersen, Gonzalez, Warmsley, Bedolla, Patino, Vice-Chair Tiedemann and Chair Balch
Not Present: Members Bartlett, Hu and Jorgens
Recused: Member Kalb

16. (1:57:53) Long-Term Contracts for Approval (Action Item)
Requesting Intersect Easley PPA Approval

Karen Lee, the Power Resources Manager, provided an overview of the procurement process initiated in April 2023 for long-term energy contracts. In her presentation, Karen described the Easley Solar project developed by Intercept Power including its support for US manufacturing, the contractual terms for energy and environmental attributes, workforce commitments, and its alignment with new workforce development policies.

<u>(2:12:37) Member Marquez motioned to adopt a resolution authorizing the Chief Executive Officer to negotiate and execute 10-year power purchase agreements with contracting entities IP Easley LLC and IP Easley 2 LLC each for 75 megawatt solar project in Riverside County California developed by Intersect Power. This motion was seconded by Member Cox and was approved 13/0/3/1:</u>
<u>Yes: Members Marquez, Kaur, Cox, Roche, Diallo, Barrientos, Kalb, Andersen, Warmsley, Bedolla, Patino, Vice-Chair Tiedemann and Chair Balch</u>
<u>Not Present: Members Bartlett, Hu and Jorgens</u>
<u>Abstain: Member Gonzalez</u>

17. **(2:14:25) Disadvantaged Communities - Green Tariff / Community Solar Green Tariff Power Purchase Agreement (Action Item)**
DAC-GT/CSGT PPA approval

Eleanor Smith presented on the Disadvantaged Communities Green Tariff (DAC-GT) and Community Solar Green Tariff (CSGT) programs initiated by the CPUC to support renewable energy access and financial savings for disadvantaged communities. **Shannon Rivers** discussed the RFO process for securing solar resources, the selection of projects by developer Prologis to meet the programs' needs, and the projects' details including their locations, terms, and community impacts.

(2:23:54) Public Comment: Jim Lutz spoke in support of the five solar projects, stating that they are local, union-supported, and situated in disadvantaged communities. He suggested using these projects as a benchmark for future planning and budgeting of similar local projects.

(2:25:31) Member Kalb questioned why the proposed projects did not include paired battery storage. **CEO Chaset** explained that due to the CPUC's program structure and negotiation terms, they opted to proceed without storage to avoid delays. **CEO Chaset** also mentioned the possibility of future project iterations depending on CPUC decisions and ongoing proceedings.

<u>(2:28:48) Member Kalb motioned to approve the staff's recommendation. Member Roche seconded the motion which was approved 13/0/4:</u>
<u>Yes: Members Marquez, Kaur, Cox, Roche, Diallo, Barrientos, Kalb, Andersen, Gonzalez, Warmsley, Patino Vice-Chair Tiedemann and Chair Balch</u>
<u>Not Present: Members Bartlett, Hu, Jorgens and Bedolla</u>

18. **(2:31:52) Board Member and Staff Announcements including requests to place items on future Board agendas**
<u>There were no Board Member or staff announcements.</u>

(2:32:04) Chair Balch *moved Closed Session Item 20B to the March 20, 2024 Board of Directors meeting. The Chair stated that the Board of Directors would resume discussion about Item 5A in Closed Session.*

19. **(2:32:17) Closed Session Public Comment on Item 5A and/or Item 20B**

<u>There were no closed session public comments.</u>

20. **(2:33:06) Closed Session** *(Closed Session Item 20B was moved to the March 20, 2024 Board of Directors Meeting. The Board resumed discussion of Closed Session Item 5A.)*
    B. Conference with Real Property Negotiators pursuant to Government Code § 54956.8: 251 8th Street (Negotiators: CEO Nick Chaset, CFO Howard Chang, General Counsel Inder Khalsa) (price and terms of payment).

21. **(2:49:57) General Report Out of Closed Session for Closed Session Item 5A**
    <u>There were no items to report out of closed session.</u>

22. **Adjourned at 9:50 pm.**

The next Board of Directors meeting will be held on Wednesday, March 20, 2024 at 6:00 pm.

The Lake Merritt Room
Cal State East Bay - the Oakland Center
In the Transpacific Centre
1000 Broadway, Suite 109
Oakland, CA 94607

Consent Item 8

TO: Ava Community Energy Board of Directors

FROM: Nick Chaset, Chief Executive Officer

SUBJECT: **Contracts Entered Into**

DATE: March 20, 2024

RECOMMENDATION

Accept the CEO’s report on contracts that Ava Community Energy has entered into, as required by the Administrative Procurement Policy, from February 15, 2024 to March 13, 2024;

C-2024-009 Berkeley Air Monitoring Group, Inc. Consulting Services Agreement, (Berkeley, CA) provides indoor air quality assessment services to Ava, effective February 6, 2024 through June 30, 2025, with maximum compensation of $99,998.

C-2024-010 Keyes and Fox Seventh Amendment to the Consulting Services Agreement, updates the Scope of Work and Compensation/Budget to correct personnel and hourly rates of compensation.

C-2024-011 Resero Corporation Consulting Services Agreement, (Loomis, CA) provides wholesale market and infrastructure consulting services, effective February 26, 2024 through February 26, 2024, with a maximum compensation of $500,000.

C-2023-155 TRC Solutions, Inc. Consulting Services Agreement, (Oakland, CA) provides solicitation evaluation support for Ava's Distributed Energy Management Services (DERMS) provider, effective February 7, 2024 through July 31, 2024, with a maximum compensation of $45,000.

C-2024-013 Resonant Source Consulting Consulting Services Agreement, (Berkeley, CA) provides diversity, equity, inclusion, and belonging support services to Ava, effective January 30, 2024 through December 31, 2025, with a maximum compensation of $49,000.

C-2023-157 EV Realty Project Site Addendum No. 1 to Vehicle Charging Master Services Agreement, provides proposed project site information of Oakland City Center Garage West, 1250 Martin Luther King, Jr. Way, Oakland, CA 94612, effective February 28, 2024.

C-2024-015 Calibrant California II, LLC Electric Vehicle Charging Master Services Agreement, procures services providing electric vehicle fleet charging solutions and to utilize Provider's EV Charging Systems at the applicable Project Sites, effective February 27, 2024 for 10 years.

C-2024-016 Sacramento Municipal Utilities District (SMUD) Amendment 25 to Exhibit A, Task Order 2, amends Scope of Work to provide a file that contains all of the 248 reversals with all columns provided by PG&E and includes all relevant collectable data from January 2024 back to March 2020, and amends Section 6.5, Optional Service Fees, to include Ava 248 Reversals Report.

Consent Item 9

TO: Ava Community Energy Authority

FROM: Chris Eshleman, Director of Energy Analytics and Electric Supply

SUBJECT: **First Amendment to Ascend Analytics SaaS Master Agreement**

DATE: March 20th, 2024

Recommendation

Adopt a Resolution authorizing the Chief Executive Officer to negotiate and execute a First Amendment to the Software as a Service Master Agreement (the "Agreement") with Ascend Analytics for Storage and Renewable Bid Optimization software services dated June 22, 2023, for a 2-year subscription term with a total 2-year subscription term not-to-exceed $270,600, together with the option to extend the subscription term for up to one, additional 1-year term. The amendment adds an additional $67,500 for the remainder of the 2-year term for a new not-to-exceed for the agreement of $338,100.

Background and Discussion

This amendment adds an additional standalone storage project, Tumbleweed, to Ava's existing Storage and Bid Optimization software services with Ascend Analytics.

Staff initially conducted and issued a Request for Proposals (RFP) in August 2022 for an off-the-shelf software solution to effectively bid and optimize solar plus storage assets. This solution serves the needs of the Power Resources team.

1. Assessment, Review and Selection Process

Following a round of interviews, staff members participating in the evaluation voted for Ascend Analytics. The following advantages were cited:

- Overall, the Ascend Analytics platform provides for a user-friendly experience and allows for uploading and downloading of operational data with ease. The interface is entirely web-based and allows users to access from anywhere they have internet access.
- Ascend Analytics platform allows for easy scenario analysis to determine the most appropriate bidding and scheduling strategy, each being unique to a particular solar plus storage resource.
- Ascend Analytics optimizes bids for both the solar resource and the storage resource, creating a paid bid set that manages the resource efficiently.
- Ascend Analytics platform shows detailed financial breakdowns for each hour of each day for Ava staff to dive into and see where revenue streams are generated.
- Ascend Analytics platform contains all necessary information but does not contain extras for the sake of inclusion. This allows for focused presentation of information to allow Ava staff to digest the intricacies of operations.

2. Proposed Subscription Services

Ava staff proceeded to review and finalize the quote from Ascend Analytics. Below are the key features for the package proposed:

- Forecasting – Forecast market conditions to optimize both day-ahead and real-time.
- Automated Bids Submissions – Manage asset revenue through 25 automated and optimized bid submissions per day (1 Day-Ahead and 24 Real-Time) with an adaptive real-time agent continuously adjusting real-time bids.
- Plant Dispatch Optimization – optimize plant dispatch of traditional resources such as natural gas, biomass, biogas and geothermal.
- State of Charge Management – Balance battery state of charge against current and future revenue opportunities.
- Bidding Strategies – Manage multiple bidding strategies tune to asset-specific goals, risk appetite and desired revenue stack, through review of strategy performance.
- Risk – Ensure risk from market commitments remains within user defined acceptability parameters.

Ava staff will retain unlimited user licenses to cover members in Power Resources and NCPA scheduling teams.

<u>Fiscal Impact</u>

The subscription term for this amendment is for 1-year and 3-months with the term beginning March 21, 2024, and ending June 21, 2025, with a not-to-exceed of $67,500. The term of the Agreement does not change. This increases the not-to-exceed of the Agreement to $338,100.

Attachments

A. Resolution Authorizing the CEO to Negotiate and Execute a First Amendment to the Software as a Service Master Agreement with Ascend Analytics

RESOLUTION NO. R-2024-xx

A RESOLUTION OF THE BOARD OF DIRECTORS

OF AVA COMMUNITY ENERGY AUTHORITY AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO NEGOTIATE AND EXECUTE A FIRST AMENDMENT TO THE SOFTWARE AS A SERVICE MASTER AGREEMENT WITH ASCEND ANALYTICS TO PROVIDE SERVICES FOR THE USE OF A STORAGE AND RENEWABLE BID OPTIMIZATION PLATFORM

WHEREAS The Ava Community Energy Authority ("Ava") was formed as a community choice aggregation agency ("CCA") on December 1, 2016, Under the Joint Exercise of Power Act, California Government Code sections 6500 *et seq.,* among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions. The cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of Ava and parties to the JPA in March of 2020. The city of Stockton, located in San Joaquin County was added as a member of Ava and party to the JPA in September of 2022. The city of Lathrop, located in San Joaquin County, was added as a member to Ava and party to the JPA in October of 2023. On October 24, 2023, the Authority legally adopted the name Ava Community Energy Authority, where it had previously used the name East Bay Community Energy Authority since its inception.

WHEREAS there is a need for Ava to add an additional standalone storage asset, Tumbleweed, to the existing Storage and Renewable Bid Optimization software platform for the Power Resources objectives;

WHEREAS Ava staff has conducted a thorough assessment of Ava's requirements for a Storage and Renewable Bid Optimization platform and evaluated several commercially available off-the-shelf software solutions via the issuance of a formal all-source Request for Proposals in August 2022;

WHEREAS the services offered by Ascend Analytics was determined to be the best fit to meet the current and future needs of Ava;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF AVA COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

<u>Section 1.</u> The Board of Directors hereby authorizes the CEO to negotiate and execute a First Amendment to the Software as a Service Master Agreement (the "Agreement") with Ascend Analytics for Storage and Renewable Bid Optimization

software services dated June 22, 2023, for a 2-year subscription term with a total 2-year subscription term not-to-exceed $270,600, together with the option to extend the subscription term for up to one, additional 1-year term. The amendment adds an additional $67,500 for the remainder of the 2-year term for a new not-to-exceed for the agreement of $338,100.

ADOPTED AND APPROVED this 20th day of March 2024.

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Jack Balch, Chair

ATTEST:

____

Adrian Bankhead, Clerk of the Board

Consent Item 10

TO: Ava Community Energy Board of Directors

FROM: Joanie Brooke – Power Resources Manager

SUBJECT: Tulare Solar Center, LLC Amendment (Action Item)

DATE: March 20, 2024

Recommendation

Adopt a Resolution authorizing the Chief Executive Officer (CEO) to negotiate and execute an Amendment to a Power Purchase Agreement (PPA) with Tulare Solar Center, LLC (Seller).

Background and Discussion

Ava Community Energy (Ava) executed a Solar PPA with Tulare Solar Center, LLC (Seller) on June 10, 2019. The original project was evaluated during Ava's CA Renewable Energy Request for Proposals that was launched in June 2018, and the PPA was approved for execution during Ava's Board of Directors meeting on June 5, 2019.

The Tulare Project is a 56-megawatt (MW) solar project located in Tulare County with a 15-year delivery term. The project came online in April 2022, and the developer for the project was Solar Frontier Americas.

The Seller approached Ava in 2023, requesting an adjustment to the way that the energy from the project settles and requested this change to be in place for the remaining contract years. Ava spent several months working with the Seller to ensure that any amendment to the PPA keeps the project's current value to Ava customers intact. The result of these negotiations is an Amendment that adjusts the project's energy settlement to mitigate the current financial impacts to the Seller, and in return has extended the project's delivery term by three years and increased the amount that Ava is holding as performance security throughout the delivery term.

The amended PPA would remain very competitive in today's market, have stronger protections against future risks, and will continue to benefit Ava customers with a reliable, renewable energy resource.

Ava is asking the Board to Authorize the CEO to continue these negotiations and when complete, execute an Amendment that is beneficial to Ava customers.

Fiscal Impact

Exact costs are challenging to quantify, since there are multiple "if/then" scenarios in motion. The settlement adjustment will reduce the project's expected net present value over time. However, some of this cost is mitigated by the benefits of extending the contract term and preventing an early termination of the PPA contract.

Attachments

A. Resolution Authorizing the CEO to Negotiate and Execute an Amendment to a Power Purchase Agreement with Tulare Solar Center, LLC.

RESOLUTION NO. R-2024-XX

A RESOLUTION OF THE BOARD OF DIRECTORS

OF THE AVA COMMUNITY ENERGY AUTHORITY AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO NEGOTIATE AND EXECUTE AN AMENDMENT TO A POWER PURCHASE AGREEMENT WITH TULARE SOLAR CENTER, LLC

WHEREAS on October 24, 2023, the East Bay Community Energy Authority legally adopted the name Ava Community Energy Authority ("Ava");

WHEREAS Ava was formed as a community choice aggregation agency ("CCA") on December 1, 2016, Under the Joint Exercise of Power Act, California Government Code sections 6500 et seq., among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions. The cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of Ava and parties to the JPA in March of 2020. The City of Stockton, located in San Joaquin County was added as a member of Ava and party to the JPA in September of 2022. The City of Lathrop, located in San Joaquin County, was added as a member to Ava and party to the JPA in October of 2023.

WHEREAS Ava has executed a Power Purchase Agreement with Tulare Solar Center LLC, on June 10, 2019, for a solar project; and

WHEREAS the project is a 56-megawatt (MW) solar project based in Tulare County; and

WHEREAS the project began operations on April 29, 2022 and has a contracted delivery term of 15 years; and

WHEREAS Ava has negotiated with Tulare Solar Center LLC over amendments to the Power Purchase Agreement to find an equitable path to allow a settlement adjustment, a three year term extension, and an increased Performance Security.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF AVA COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

<u>Section 1.</u> The Chief Executive Officer is hereby authorized to negotiate and execute an Amendment to a Power Purchase Agreement with Tulare Solar Center, LLC.

ADOPTED AND APPROVED this 20th day of March, 2024.

Jack Balch, Chair

ATTEST:

Adrian Bankhead, Clerk of the Board

Staff Report Item 11

TO: Ava Community Energy Authority

FROM: Theresa McDermit, Head of Marketing

SUBJECT: **Consulting Services Agreement with PA Consulting Group, Inc.**

DATE: March 20, 2024

Recommendation

Approve a Resolution authorizing the CEO to negotiate and execute a Consulting Services Agreement with PA Consulting Group, Inc., to provide market entry analysis and support services to the Ava Direct-Current Fast Charging (DCFC) program, including fast charging market and competitive analysis, pricing benchmarking and strategy, on-site experience design, and site layout and signage recommendations. The term of the Agreement will be through June 30, 2026, with compensation not-to-exceed an amount of $450,000.

Background and Discussion

As previously reported to the Board, Ava Community Energy is building a network of 24/7 publicly accessible electric vehicle (EV) fast charging stations to:

- Enable the transition to EVs for all residents, especially renters;
- Support JPA member cities' Climate Action Plan targets around transportation-related emissions reductions; and
- Enable our service area to reach CA state mandates for zero-emissions vehicles.

In anticipation of the launch of the first tranche of stations, on November 30, 2023, Ava issued a Request for Proposal for Go-to-Market Strategy and Marketing Plan Development & Execution for Ava's DC Fast Charging Network. The RFP specified two distinct phases of work. Respondents were invited to bid on either the first phase ("Go-to-Market Strategy”) or second phase (“Marketing Plan Development and Execution”) of work, or on the full scope. Seven firms or consortiums of firms responded with proposals, which were reviewed and scored by a team of Ava Marketing and Local Development staff. Five respondents were interviewed. Ultimately, PA Consulting was selected, for the first phase of work, for their deep EV charging industry experience, including building and operating a public DCFC program for New York state and EV charging infrastructure design and optimization for Hertz Rental Cars.

Fiscal Impact

This project was included in the current Fiscal Year budget and the proposed contract amount is within the approved budget. Work extending into the upcoming fiscal year will be included in the FY24/25 budget request.

Attachments

A. Resolution

RESOLUTION NO. R-2024-xx

A RESOLUTION OF THE BOARD OF DIRECTORS

OF AVA COMMUNITY ENERGY AUTHORITY TO NEGOTIATE A CONSULTING SERVICES AGREEMENT WITH PA CONSULTING GROUP, INC.

WHEREAS The Ava Community Energy Authority ("Ava") was formed as a community choice aggregation agency ("CCA") on December 1, 2016, Under the Joint Exercise of Power Act, California Government Code sections 6500 *et seq.,* among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions. The cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of Ava and parties to the JPA in March of 2020. The city of Stockton, located in San Joaquin County was added as a member of Ava and party to the JPA in September of 2022. The city of Lathrop, located in San Joaquin County, was added as a member to Ava and party to the JPA in October of 2023. On October 24, 2023, the Authority legally adopted the name Ava Community Energy Authority, where it had previously used the name East Bay Community Energy Authority since its inception.

WHEREAS Ava Community Energy is building a network of 24/7 publicly accessible electric vehicle fast charging stations; and

WHEREAS the launch of the station network is scheduled to begin before the end of the calendar year; and

WHEREAS Ava staff seek timely support in determining the go-to-market strategy for the station network.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF AVA COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

<u>Section 1.</u> authorize the CEO to negotiate and execute a Consulting Services Agreement with PA Consulting Group, Inc., to provide market entry analysis and support services to the Ava Direct-Current Fast Charging (DCFC) program, including fast charging market and competitive analysis, pricing benchmarking and strategy, on-site experience design, and site layout and signage recommendations. The term of the Agreement will be through June 30, 2026, with compensation not-to-exceed an amount of $450,000. The Agreement shall be subject to review and approval by General Counsel.

ADOPTED AND APPROVED this 20th day of March, 2024.

Jack Balch, Chair

ATTEST:

Adrian Bankhead, Clerk of the Board

Consent Item 12

TO: Ava Community Energy Authority

FROM: Cait Cady, Public Engagement Coordinator

SUBJECT: **2024 Community Advisory Committee (CAC) appointments (Action Item)**

DATE: March 20, 2024

Recommendation

Adopt a Resolution approving the appointments of new Community Advisory Committee ("CAC") Members to fill current vacancies.

Background and Discussion

On December 20, 2023, the Board of Directors approved a series of updates to the CAC Guide and Appointment process. The impetus for these updates was the recent inclusion of two more San Joaquin County communities within Ava's Joint Powers Authority (JPA)—i.e., the cities of Stockton and Lathrop. The updates included the following:

- Adjustments to the CAC's regional seat allocations to include Stockton and Lathrop (see below);
- Establishing that vacancies on the CAC will be filled on a semi-annual basis;
- Staggering terms for current and future CAC Members;
- Providing a new appointment process and term limits for At-large Members; and
- Other administrative updates.

The CAC is composed of twelve active seats (Members)—ten of which represent specific Service Area Regions, and two of which serve as At Large members representing the entire service area—and five alternate seats (Alternates). Each Service Area Region is allocated seats based on cumulative electricity load, which corresponds with each jurisdiction's JPA vote share. The current composition and regional seat allocations are summarized in the table below:

Table 1: Community Advisory Committee (CAC) Seat Allocations

Ava Service Area Region	JPA Vote Share	CAC Seat Allocation	Alternate Seat Allocation
North Albany, Berkeley, Oakland, Emeryville, and Piedmont	27.7%	3	1
East Dublin, Livermore, and Pleasanton	12.8%	1	1
South Fremont, Union City and Newark	20.1%	2	1
Central Hayward, San Leandro, and Alameda County Unincorporated	18.5%	2	1
San Joaquin County Tracy, Stockton, and Lathrop	20.9%	2	1
At-Large		1	
At-Large		1	

The last open application period for vacant CAC positions ended in February of 2021, and the Board of Directors approved the corresponding appointments in April and May of 2021. At this time, the CAC has the following vacancies:

Ava Service Area Region	Number of Vacant Member Positions	Number of Vacant Alternate Positions
North Albany, Berkeley, Oakland, Emeryville, and Piedmont	1	1
East Dublin, Livermore, and Pleasanton	1	1
South	N/A	1

Fremont, Union City and Newark		
Central Hayward, San Leandro, and Alameda County Unincorporated	N/A	1
San Joaquin County Tracy, Stockton, and Lathrop	N/A	1
At-Large	N/A	
At-Large	N/A	
Total Vacancies	**2**	**5**

In December of 2023, Ava staff created an online application for members of the public interested in applying for the vacant CAC seats in their region(s). The application period was open from December 23, 2023 through March 4, 2024. When the application first opened in December 2023, the deadline to apply was February 2, 2024. With the anticipated opening of an additional seat in the North County region, the deadline was extended to March 4, 2024. During the application period, Ava staff completed an additional round of outreach to announce the opening of the North region position and the extended deadline for all applicants.

The application period was announced through multiple communication channels, including, but not limited to, the following:

- Emailing all Ava Board Members and Board Alternates draft language and links to the application to disseminate to their constituents;
- Creating a pop-up announcement on Ava's website/homepage from early January to the March 4th deadline;
- Including a description and link to the application in the January edition of Ava's Direct Current Newsletter;
- Posting about the opportunity on Ava's social media channels (e.g., Facebook, LinkedIn, Instagram, and X);
- Announcing the application period to Ava's municipal staff partners in every JPA member-jurisdiction, and creating outreach materials that cities could use in their newsletters and social media channels;
- Email outreach to Community Based Organizations (CBOs) across Ava's service area, including Ava Local Sponsorship recipients;

Ava received 21 completed applications by the end of the application period. These applications included 12 from the North region, 3 from the Central region, and 6 from the East region. No applications were received from the San Joaquin County region or the South region.

Staff distributed the completed applications and solicited appointment recommendations from the Board Members representing the CAC region of each respective applicant. Appointment recommendations from Board Directors are summarized below:

Ava Service Area Region	Appointment Recommendation
North Albany, Berkeley, Oakland, Emeryville, and Piedmont	Indira Balkissoon (Member) Peter Weiner (Alternate Member)
East Dublin, Livermore, and Pleasanton	Pete Stephenson (Member) Jill Gile (Alternate Member)
South Fremont, Union City and Newark	
Central Hayward, San Leandro, and Alameda County Unincorporated	Rachel DiFranco (Alternate Member)
San Joaquin County Tracy, Stockton, and Lathrop	

Fiscal Impact

There is no new fiscal impact to approving the appointment of new CAC Members and Alternates. The current CAC stipend budget is $20,400 and current stipends are $123.55 per meeting.

Committee Recommendation

The appointment recommendations of Board Members from each respective Ava service area region are summarized in the table above.

Attachments

A. Resolution of the Board of Directors of the Ava Community Energy Authority to Authorize the Appointments of New Community Advisory Committee Members and Alternate Members

RESOLUTION NO. R-2024-xx

A RESOLUTION OF THE BOARD OF DIRECTORS

OF AVA COMMUNITY ENERGY AUTHORITY TO APPROVE THE APPOINTMENTS OF NEW COMMUNITY ADVISORY COMMITTEE MEMBERS AND ALTERNATE MEMBERS

WHEREAS The Ava Community Energy Authority ("Ava") was formed as a community choice aggregation agency ("CCA") on December 1, 2016, Under the Joint Exercise of Power Act, California Government Code sections 6500 *et seq.,* among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions. The cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of Ava and parties to the JPA in March of 2020. The city of Stockton, located in San Joaquin County was added as a member of Ava and party to the JPA in September of 2022. The city of Lathrop, located in San Joaquin County, was added as a member to Ava and party to the JPA in October of 2023. On October 24, 2023, the Authority legally adopted the name Ava Community Energy Authority, where it had previously used the name East Bay Community Energy Authority since its inception.

WHEREAS, Section 4.9 of the JPA Agreement established the Community Advisory Committee to advise the Board of Directors on subjects related Ava's operations, and Members are appointed by the Board and will represent diverse cross-sections of the service area.

WHEREAS, when Ava's service area expanded to include the San Joaquin County cities of Lathrop and Stockton, staff sought direction from the Board of Directors on updates to the Community Advisory Committee Guide and Appointment Process ("Guide") to include representation for customers within the new jurisdictions.

WHEREAS, at its meeting on December 20, 2023, the Board of Directors approved updates to the Guide to include the new service area, as well as various process updates.

WHEREAS, from December 22, 2023, to March 4, 2024, Ava hosted an online application where members of the public could apply to be considered for a vacant position on the Community Advisory Committee and appointed by Ava's Board of Directors.

WHEREAS, twenty-one completed applications were received during the application period; including twelve from the North region, six from the East region, and 3 from the Central region.

WHEREAS, the Directors from each Ava region reviewed the applications from their respective planning areas and recommended the applicants to be considered for appointment by the Board of Directors.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF AVA COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The Board of Directors hereby authorizes the appointments of the following Community Advisory Committee Members and Alternate Members, as identified by the Directors from each respective planning area:

Ava Service Area Region	Appointment Recommendation
North Albany, Berkeley, Oakland, Emeryville, and Piedmont	Indira Balkissoon (Member) Peter Weiner (Alternate Member)
East Dublin, Livermore, and Pleasanton	Pete Stephenson (Member) Jill Gile (Alternate Member)
South Fremont, Union City and Newark	
Central Hayward, San Leandro, and Alameda County Unincorporated	Rachel DiFranco (Alternate Member)
San Joaquin County Tracy, Stockton, and Lathrop	

ADOPTED AND APPROVED this 20th day of March, 2024.

Jack Balch, Chair

ATTEST:

Adrian Bankhead, Clerk of the Board

Consent Item 13

TO: Ava Community Energy Board of Directors

FROM: Alec Ward, Principal Legislative Manager
Feby Boediarto, Policy Analyst II

SUBJECT: Update on State Bills Ava is Tracking (Informational Item)

DATE: March 20, 2024

Recommendation

This is an informational update on state bills Ava has been tracking during the 2024 legislative session.

Background and Discussion

The intent of this staff report is to provide an update on the 24 state bills that Ava is tracking during this legislative session.

The deadline for California bill introductions was February 16, 2024. The final day for California lawmakers to pass bills this year is on August 31, 2024. The Governor must sign or veto bills by September 30, 2024.

Numerous bills are currently being amended. Due to the changing nature of these bills, staff will bring forward a legislative action item at a later regular Board meeting where they will present bills with requests that the Board take certain positions. Ava has not adopted a position on any bills yet, including the ones listed in the presentation.

Attachments

A. Legislative Update Presentation

Attachment Consent Item 13A

Ava Community Energy

Ava Legislative Update

March 20, 2024

Key Deadlines 2024 Legislative Year

- **January 3:** Legislature reconvenes
- **January 10:** Governor submitted budget
- **February 16:** Bill introduction deadline
- **April 26:** Policy cmtes to move fiscal bills to fiscal cmtes (1st house)
- **May 3:** Policy cmtes to move nonfiscal bills to floor (1st house)
- **May 17:** Fiscal cmtes must move bills to floor (1st house)
- **May 24:** Last day for bills to be passed out of 1st house
- **June 15:** Budget bill must be passed
- **July 3:** Policy cmtes to meet and report bills (2nd house)
- **August 16:** Fiscal cmtes to move bills to floor (2nd house)
- **August 31:** Last day for each house to pass bills
- **September 30:** Last day for Governor to sign/veto bills

State Bills Ava is Tracking

Bill # (Author)	Description
AFFORDABILITY	
AB 1999 (Irwin)	Repeals AB 205, which established the income-graduated fixed charge (IGFC) for residential electric customers, caps fixed charges for residential bills at: $5 for CARE/FERA customers and $10 for non-CARE/non-FERA customers
AB 2805 (Essayli)	Repeals AB 205
SB 1130 (Bradford)	Expands FERA program eligibility by eliminating the requirement that a household consist of 3 or more persons. Orders IOUs to report on FERA enrollment.
SB 1292 (Bradford)	Orders PUC to report on the IGFC adoption by July 1, 2027
SB 1312 (Nguyen)	Repeals AB 205
SB 1326 (Jones)	Repeals AB 205. Caps fixed charges for residential bills at: $10/ resident, $5/ CARE/FERA resident
BROWN ACT	
AB 817 (Pacheco)	Adds non-emergency provisions to allow a member of the subsidiary body (i.e. CAC) to call in remotely if quorum is met in a physical location until 2026. Allows remote members to not disclose their locations

State Bills Cont.

Bill # (Author)	Description
BONDS	
AB 1567 (Garcia)	(Held) Authorizes $2 billion in funding for clean energy projects
SB 867 (Allen)	(Held) Authorizes $2 billion in funding for clean energy projects
BUILDING DECARBONIZATION/ HOUSING	
SB 1054 (Rubio)	Establishes the Climate Pollution Reduction in Homes Initiative to award providers (non-profit, local gov) financial assistance to low-income households for the purchase of zero-emitting household appliances
SB 1095 (Becker)	Streamlines transition from gas to zero-emitting appliances in mobile and manufactured homes, and updates state housing standards to allow such installations
SB 1210 (Skinner)	Caps the utility connection charge for new housing. Prioritizes housing in interconnection queue
EVs	
AB 2427 (McCarty)	Orders GO-Biz to create checklists and best practices to help local government permit curbside charging stations
AB 2453 (Villapudua)	Authorizes the use of an instrument measuring electricity transferred from an EV
SB 233 (Skinner)	Amended to require CEC, CARB, and the PUC to convene a working group to deploy vehicles that have bidirectional capabilities

State Bills Cont.

Bill # (Author)	Description
RENEWABLES	
AB 2256 (Friedman)	Orders PUC to develop a new NEM tariff starting 2026 that ensures enough solar to hit state goals
AB 2619 (Connolly)	Orders PUC to develop a new NEM tariff starting 2026 that ensures enough solar to hit state goals
SB 1305 (Stern)	Requires PUC to order procurement (including for CCAs) of virtual power plants and meet resource adequacy requirements. Capacity and timeline requirements range from 2.5% - 15% beginning in 2028
TRANSMISSION	
AB 2940 (Muratsuchi)	Defines new transmission projects as “environmental leadership development projects,” allowing for a streamlined CA environmental review process
SB 1006 (Padilla)	Requires the PUC ensure that the state is on track to deliver specified transmission capacity goals by certain dates
SB 1311 (Stern)	Orders PUC and CEC to report on process timelines for transmission and grid infrastructure capacity including expected completion dates. Requires CEC demand forecasts incorporate weather variability

State Bills Cont.

Bill # (Author)	Description
UTILITY-SPECIFIC	
AB 2054 (Bauer-Kahan)	Forbids members of the PUC or CEC from being employed by an entity subject to regulation by the commission (including IOUs and CCAs) for a period of 10 years after ceasing to be a member of the commission.
SB 938 (Min)	Prohibit political lobbying by IOUs that can be charged to ratepayers, define “political influence activity”
SB 993 (Becker)	PUC must evaluate and if reasonable, established a clean energy development incentive rate for IOUs for new commercial and industrial electrical load by 2026

Consent Item 14

TO: Ava Community Energy Authority

FROM: Joseph Sit, Finance & Operations Associate

SUBJECT: **Supplier Diversity Overview & 2023 Report (Informational)**

DATE: March 20, 2024

Recommendation

Receive an overview of the California Public Utilities Commission General Order 156 requirements and Supplier Diversity Program, and review of Ava's report results, planned activities, successes, and challenges.

Background and Discussion

The purpose of CPUC General Order 156 (GO 156), originally adopted in April 1988, is to promote and increase contracting opportunities for diverse suppliers with California utilities. GO 156 defines the Utility Supplier Diversity Program, its definitions, objectives, and reporting requirements. GO 156 requires utilities to submit annual detailed and verifiable plans for increasing woman, minority, disabled veteran, LGBT, and/or persons with disabilities-owned business enterprises procurement in all categories.

Until the 2020 reporting year, utilities with gross annual revenues exceeding $25,000,000 were the only ones required to report. Now, pursuant to California Senate Bill 255 (2019, Bradford), Community Choice Aggregators (CCAs) are explicitly required to report to the California Public Utilities Commission on their procurements with certified diverse suppliers.

The 2023 Annual Report and 2024 Annual Plan filing was due and submitted to the CPUC on March 1, 2024.

Prop 209

As a California local government entity bound by California Prop 209 (1996), Ava is prohibited from considering race, sex, color, ethnicity, or national origin in its contracting. Accordingly, and in contrast to California's electrical corporations, Ava does not consider Supplier Clearinghouse certification status, nor eligibility, in procurement decisions of any kind, nor does Ava set supplier diversity targets or goals.

To comply with GO 156 and promote the statewide Supplier Diversity program, Ava approaches our Supplier Diversity activities in an innovative way that drives the program forward, while staying within the legal bounds that constrain CCAs from setting targets and expressing preference for diverse suppliers. Staff engaged with numerous CCAs in preparation for the report to ensure alignment on reporting requirements and narrative language surrounding the Prop 209 limitations. Staff also discussed opportunities to collaborate with other CCAs on programmatic outreach and education efforts on GO 156.

Local Procurement

Ava holds a strong commitment to investing directly in our service territory to the greatest degree possible. This takes the form of maximizing our direct purchasing from companies and organizations based in Alameda County and/or the City of Tracy, as well as through deploying clean energy assets and customer programs that create local jobs and provide economic benefit to our customers. These are the types of actions CCAs can directly take relative to GO 156 objectives and were highlighted in Ava's report.

2023 Results

In calendar year 2023, Ava made procurements from four certified suppliers for a total of $224,835. Ava's total procurement with certified vendors captures spend with small and local business services within our community as well as bespoke technical consulting services. These services supported our innovative, new clean energy programs and power portfolio management. Their diversity certification status is coincidental and is realized after contracting. All four certified vendors supported in 2023 are California-based businesses; one is based in Ava's service territory, and the additional three are in other Bay Area counties.

2024 Plan and Next Steps

Ava's 2024 Annual Plan highlights continued commitment to local procurement, grants and sponsorships, and workforce development, as well as supplier outreach and education efforts. Ava’s report will be made public on the CPUC Utility Supplier Diversity Program website.

Fiscal Impact

There is no financial impact associated with this item.

Attachments

A. Supplier Diversity Overview & 2023 Report to CPUC Presentation
B. Supplier Diversity 2023 Annual Report & 2024 Plan

Attachment Consent Item 14A

Ava Community Energy

Supplier Diversity Overview

Agenda

- Supplier Diversity and Why It Matters
- GO156 and CPUC Supplier Diversity Program
- Prop 209 and Ava Contracting Restrictions
- 2023 Supplier Diversity Report Findings
- 2024 Supplier Diversity Plan
- CPUC Recognition of CCA Progress
- Conclusions

Supplier Diversity and Why It Matters

- Supplier diversity is simply providing business opportunities to people from a variety of backgrounds whether its women-owned, LGBTQ, disabled veterans, minorities, or disabilities-owned among other backgrounds.
- Supplier Diversity increases workforce diversity and provides more opportunities to vendors that reflect Ava's community.
- An additional benefit is that through encouraging diverse businesses to participate in the CPUC supplier clearinghouse program, it helps increase visibility to private companies that have voluntary procurement goals. As businesses gain contracting opportunities with said private companies, it strengthens diverse businesses' own capabilities, which in turn will make them more marketable to Ava solicitations.

Supplier Diversity and Why It Matters

GO156 and CPUC Supplier Diversity Program

CPUC Utility Supplier Diversity Program

- History: compliance requirement, first adopted April 1988
- Purpose: increase procurement *BY* utilities, *FROM* diverse suppliers
- Diverse Suppliers: woman, minority, disabled veteran, LGBT, and/or disabilities-owned business entities (diverse businesses) that are certified in the Supplier Clearinghouse
- Requirement:
  - Backward-looking annual report regarding procurement from diverse businesses
  - Forward-looking annual plan to achieve program purpose

Expanding to CCAs

- History: GO 156 expanded to include CCAs
- Purpose: increase procurement *BY* utilities, *FROM* diverse suppliers
- Requirement: similar reporting requirements to IOUs

Prop 209

What is Prop 209?

- Prop 209 prohibits California public agencies and institutions from considering race, sex, color, ethnicity, or national origin in selections for contracting, employment, or education.

What does it mean for Ava contracting decisions?

- We CANNOT make vendor selections based on these considerations, ever.

What can we do for Supplier Diversity within bounds of Prop 209?

- Education and awareness
- Solicitation outreach to increasingly diverse groups
- Support diversity certification of vendors
- Support existing contractors' search for subcontractors in Supplier Clearinghouse

2023 Supplier Diversity Report Findings

Diverse Spending

- Four certified suppliers; $225,000 spending

Companies we spent with

- *(Women-Owned)* *Blaisdell's Business Products* is an Oakland-based office goods vendor that supplies Ava with various office amenities.
- *(Women/Minority-Owned)* *Clean Energy Regulatory Research, LLC* is a San Francisco-based regulatory consulting firm providing services to the utility sector on clean energy programs.
- *(Minority-Owned)* *Pacific Printing* produced various mailers and printed collateral.
- *(LGBT-Owned)* *The Law Office of Joseph F. Wiedman* is a Cloverdale-based firm providing legal services in the realm of cleantech law, policy, and energy markets.

Local Spending

- Ava local spend tripled spending in its jurisdictions from 2022 to 2023 to $4.7m
- Small and local spending increased from 18% to nearly 40% of net-procurement spending from 2022 to 2023

2023 Supplier Diversity Report Findings

2023 Program Activities

- Board and Ava Staff engagement
- CCA and CPUC Collaboration
- CPUC 21st Annual Supplier Diversity En Banc and Small Business Expo
- Chamber of Commerce Membership and Education
- Marketing of Supplier Clearinghouse through Ava Solicitations
- Labor & Workforce Development
- Community Sponsorships
- Community Investment Grants
- Support and Technical Assistance to Small and Diverse Businesses
- Utility Bill Assistance Programs Supporting Diverse Communities

2024 Supplier Diversity Plan

- Community Grants & Sponsorships
- Labor & Workforce Development
  - Execute on Workforce and Environmental Justice Evaluation Criteria in power procurement
  - Youth Training Education (for high school-aged or recent college grads)
- CCA Collaboration & Diversified Outreach
- Data Capture and Improved Processes
- Promote CPUC Supplier Diversity Program
  - Solicitations and Solicitation Webinars
  - Non-Power and Power Solicitations

CPUC Recognition of CCA Progress

Highlights in CPUC Report on Supplier Diversity (Sept 2023)*

- The CPUC commends the CCAs for their ongoing commitment to supplier diversity, acknowledging their continued progress they have made despite various challenges.
- Currently, the CPUC is collaborating with CCAs and organizations in the energy industry to discover solutions, offer guidance, identify best practices, foster engagement with diverse suppliers, and cultivate relationships with ethnic chambers of commerce and various local business organizations.
- The CCA quarterly meetings with the CPUC have also greatly improved the relationship between CPUC/CCA/CalCCA staff, and the report details that collaborative relationship.

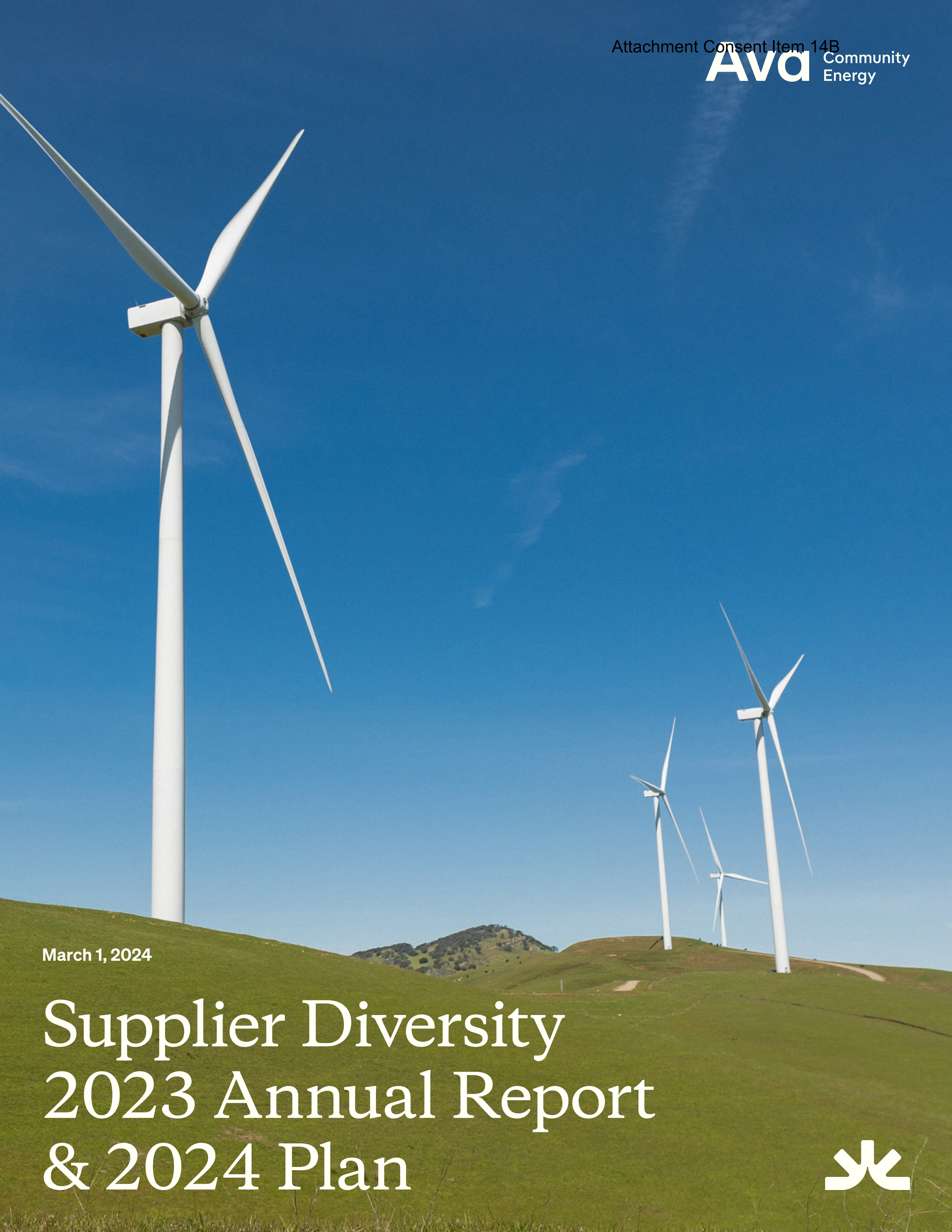
* https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/bco/go-156-annual-reports/2023-go-156-report-to-the-legislature.pdf

Conclusions

- CPUC has supplier diversity program that Ava executes through reporting and programmatic business activities
- Ava cannot choose contractors based on diversity
- 2023 findings:
  - Four certified suppliers; $225,000 spending
  - Ava local spend tripled spending in its jurisdictions from 2022 to 2023
- All resources, including past reports can be found on our Supplier Diversity website: https://avaenergy.org/supplier-diversity/

Attachment Consent Item 14B

Ava Community Energy



March 1, 2024

Supplier Diversity 2023 Annual Report & 2024 Plan

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Attachment Consent Item 14B

Message from Ava CEO Nick Chaset

On a day-to-day basis, it is a continuous battle to make progress on the clean energy front. There are the headlines about heatwaves and on-going impacts of climate change, the rules that govern energy markets are continually shifting, and the challenge of working with multiple stakeholders with competing interests to reach a common goal. However, I am encouraged that after five years of serving customers, Ava Community Energy continues to find a path forward in our core mission of providing Northern California residents, businesses and municipalities with greener electricity at lower rates.

Ava had many achievements to be proud of in the past year. First, you'll notice our new name: formerly East Bay Community Energy, we are now Ava Community Energy. The name change and rebrand signal Ava's expansion beyond the East Bay to encompass Alameda County and parts of the San Joaquin Valley, as well as the agency's growing commitment to driving electrification across its service territory. Part of our rebrand is also to cast a vision of being a trusted resource to our customers and provide simple guidance toward better, clean-powered living.

On the transportation electrification front, Ava partnered with EV Realty to build the largest public EV fast-charging hub with 33-stalls in Oakland, centrally located and next to a disadvantaged community. We also committed to a new financing program to support the transition to zero-emission heavy-duty trucks. Working with Forum Mobility, Ava will support the development of the Greenville Community Charging Depot, a 4.4-acre site capable of charging up to 96 trucks in Livermore. Furthermore, Ava celebrated reaching commercial operations on two solar + storage projects: Intersect's 679 MW solar and 250 MW storage in Riverside County and Daggett with 482 MW solar and 280 MW energy storage in San Bernardino County, one of the largest in the country. Ava staff was also pleased to announce the investment of $16 million back into the community through our expanded bill credits and savings program.

While we feel our work speaks for itself, we had the honor of not only winning Environment + Energy Leader's 2023 Top Project of the Year Award for our Resilient Critical Municipal Facilities Program, but we were also recognized as one of the U.S.'s top green power providers by the National Renewable Energy Laboratory's Utility Green Pricing Program.

Our work demonstrates the unwavering commitment to the customers we are charged to serve. Ava will continue reinvesting our excess revenues into customer programs, clean power projects, local grants, and local procurement efforts all in the spirit of supporting our local communities. We are excited to highlight 2023's outcomes in this year's supplier diversity report.

Nick Chaset
CEO, Ava Community Energy

Executive Summary

Ava Community Energy ("Ava") hereby submits its fourth Supplier Diversity Annual Report in accordance with the requirements of SB 255 (2019, Bradford).

Ava is a Joint Powers Authority ("JPA") formed on December 1, 2016 pursuant to California Government Code §§ 6500 et. seq. to provide community choice energy to its member jurisdictions: the County of Alameda and each of the following cities incorporated therein: Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Oakland, Piedmont, San Leandro, and Union City. Ava started serving Alameda County businesses and municipalities in June 2018 and began serving residential customers in November 2018. In 2020, Ava added the Alameda County cities of Newark and Pleasanton, as well as the city of Tracy in San Joaquin County, to the JPA, and began serving customers in those new jurisdictions in April 2021. In 2022 and 2023, respectively, Stockton and Lathrop were accepted as Ava's latest jurisdictions, with service tentatively scheduled for 2025.

As a California local government entity bound by California Prop 209, Ava is prohibited from considering race, sex, color, ethnicity, or national origin in its contracting. Accordingly, in contrast to California's electrical corporations, Ava does not set supplier diversity targets or goals. Ava has, however, developed programming for outreach and education around General Order 156 ("GO 156") to ensure that Ava's current suppliers and potential future suppliers are aware of the California Public Utilities Commission ("CPUC")-supervised Supplier Clearinghouse and the opportunities that may come along with certification. Ava also offers technical assistance to suppliers who are interested in applying to the Supplier Clearinghouse for certification as a Women, Minority, Service-Disabled Veteran, LGBT, and/or Persons with Disabilities-owned business enterprise (diverse businesses).

Ava's contracting process is not influenced by the Supplier Clearinghouse certification status of its potential suppliers. Ava does not collect data from its suppliers on their status as a diverse business or certified vendor until after the contract with Ava is executed. To provide the state with data on Ava's annual spend with diverse suppliers, Ava asks its suppliers to provide information on their diverse status after contract execution through a Supplier Diversity questionnaire.

Educating suppliers about the Supplier Clearinghouse and providing technical support should increase certification levels of diverse firms over time. Certification brings those vendors greater promotion and visibility to the non-government utility companies that do utilize the Clearinghouse database in their search for suppliers. Furthermore, if certified vendors gain additional contracts with the utility companies, they broaden their value as potential suppliers to entities such as Ava based on their additional experience and expertise. In other words, encouraging greater participation in the Supplier Clearinghouse can strengthen and broaden the pool of experienced diverse suppliers available in the marketplace in the future.

In accordance with California law, Ava does not exhibit preference for woman-owned ("WBE"), minority-owned ("MBE"), or LGBT-owned ("LGBTBE") suppliers in its solicitations or procurement selections. However, Ava does employ four procurement preferences, incorporated into Ava's Administrative Procurement Policy. In 2021 Ava added a preference for Disabled Veteran-owned businesses

("DVBE"), as well as a preference for businesses located in a Disadvantaged Community ("DAC") as identified by the California Environmental Protection Agency's ("CalEPA") CalEnviroScreen Tool. These two preferences join the existing preferences for Union labor and local suppliers located in the Alameda County and City of Tracy service territory. Ava's commitment to local investments is laid out in its Local Development Business Plan[1] ("LDBP"). The LDBP is intended to develop a comprehensive framework for accelerating the development of clean energy assets within Alameda County. The LDBP explores how Ava can contribute to fostering local economic benefits, such as job creation, customer cost-savings, and community resilience. The LDBP also identifies opportunities for development of local clean energy resources, explains how to achieve Ava's community benefits goals, and provides strategies for local workforce development for adoption by the Ava Board of Directors.

[1] *AvaEnergy.org/local-development-business-plan*

Attachment Consent Item 14B

2023 Annual Report

9.1.1 Description of Supplier Diversity Program Activities During the Previous Calendar Year

Ava recognizes its responsibility and opportunity as a local public agency, investing millions of dollars into the community and state every year. As such, Ava holds a strong commitment to investing directly in its service territory to the greatest degree possible. This takes the form of maximizing direct purchasing from companies and organizations with their home in Alameda County and/or the City of Tracy. It also takes the form of deploying clean energy assets and customer programs that create local jobs and provide economic benefit and community resilience to customers.

In 2023, Ava had a Net Procurement of $11,960,645,[2] spent on professional services, administrative spend, and community grants and sponsorships. As acknowledged in the CPUC Proposed Decision released on February 9, 2021,[3] Ava – and all CCAs for that matter - face different total purchasing needs, along with restrictions on supplier selection criteria relative to the investor-owned utilities. As such, Ava's Net Procurement amount is limited in size and scope compared to the Net Procurements of the investor-owned utilities, and the diverse supplier spend is only a small portion of annual Net Procurement, as is further detailed in Section 9.1.2 and Section 9.1.9. To promote and grow the statewide Supplier Diversity program, Ava continues to approach and grow Supplier Diversity activities in an innovative way that drives the program forward, while staying within the legal bounds that constrain CCAs from setting targets and expressing preference for diverse suppliers. Below are the activities undertaken in 2023 to that end.

Internal Activities

Board of Directors Engagement

- In April 2023, staff provided an informational report to the Board of Directors on GO 156, SB 255, and Ava's third annual Supplier Diversity report.[4]
- In the Fall of 2023, Ava worked with CCA Workforce & Environmental Justice Standards Alliance to formalize evaluation criteria as it pertains to Ava's energy offtake agreements. The criteria are focused on strengthening hiring of local and equitable workforces, as well as addressing environmental justice priorities. The criteria were formalized in Ava policy in January 2024. This work is elaborated on in 9.1.9.

Staff Engagement

- All Ava staff attended an internal training about GO 156 and the Supplier Diversity program, including requirements and resources, and the implications it has for Ava's solicitations.

CCA Collaboration

- Ava staff engaged in numerous multi-CCA meetings to share program actions and updates and discuss potential collaborations.

CPUC Collaboration

- In June 2023, Ava staff participated in a call with CPUC staff to debrief on Ava's 2022 Supplier Diversity Report.
- In June 2023, Ava on-boarded new CPUC staff to help them with understanding of Ava's work and path forward
- Ava staff participated in a quarterly call series with CPUC staff and representatives from other CCAs to discuss GO 156 and SB 255 challenges and opportunities.

[2] *Net Procurement number as defined by the CPUC GO 156 table templates (i.e. includes purchase order, non-purchase order, and credit card dollars) and CPUC guidance not to include staff salaries and benefits. Net Procurement also excludes all power procurement spend, which is reported on in the Power Procurement Annual Report section.*

[3] *R-21-03-010 Proposed Decision; Proposed changes to General Order 156 under R-21-03-010*

[4] *Ava Staff Report. April 19, 2023.*

2024 Planning

- Through the fourth year of Ava's Supplier Diversity program, staff has continued to refine ideas and offerings, as well as generate new ideas for additional components that Ava can add or develop to further increase vendors' awareness of the CPUC program.
- Ava staff has also continued to improve internal processes and data capture to make reporting even more thorough and robust.

External Activities

CPUC 21st Annual Supplier Diversity En Banc

- Ava staff attended the annual En Banc in September 2023 to understand challenges and opportunities and share information and resources.

CPUC's Small and Diverse Business Expo

- Ava staff attended the event where they promoted business opportunities and solicitation channels to small businesses that attended the event. Ava staff also sought to understand small and diverse service offerings. 53 businesses were added to the solicitation distribution list.

Chamber Memberships

- Ava continued its membership in the chambers of commerce for all JPA member cities.[5] Ava also continued membership with ethnic chambers of commerce including Black Business Roundtable of Hayward's Chamber of Commerce, Latino Business Roundtable of Hayward's Chamber of Commerce, Oakland African American Chamber of Commerce, Oakland Chinatown Chamber of Commerce, and Oakland Latino Chamber of Commerce.
- Ava staff has sent out monthly resources such as customer services and rebate programs, local sponsorship opportunities, rate information, and other agency news, to Oakland African American Chamber of Commerce, Oakland Latino Chamber of Commerce, and Oakland Chinatown Chamber of Commerce.
- Ava hosted a booth at Oakland Chinatown Chamber of Commerce's annual Lunar New Year Event in January 2023.

Certify & Amplify

- Ava leveraged outreach to chambers and business organizations to promote MCE's "Certify & Amplify" event held in June 2023.

Solicitations

- Ava uses standard language pertaining to supplier diversity in all goods, services, and power solicitations. Ava provides background on GO 156, on Ava's legal inability to exhibit preference to diverse suppliers, and supports certification of eligible contractors.
- Ava has also developed standard slides on GO 156 and certification resources to be used in all solicitation webinars.

Local Purchasing

- Ava purchases goods and services from small and local businesses to the greatest degree possible. Ava's Administrative Procurement Policy provides that procurements of goods, non-professional services, and professional services under $10,000 in contract value may be made without a formal solicitation; these types of procurements are more likely to be sourced from small and/or local

[5] *Except for the City of Emeryville, which does not have a Chamber of Commerce.*

businesses, for which Ava predominantly uses the Alameda County Small, Local, and Emerging Business ("SLEB") Directory to source potential vendors. For larger procurements, and particularly those for which a formal competitive solicitation is issued, potential suppliers may receive points for their small or local business status, but Ava does not make decisions solely based off these classifications.

Labor & Workforce Development

- Ava expresses a strong preference (i.e., 2.5% bonus, as detailed and codified in the Administrative Procurement Policy), and in many cases a contractual requirement, for the use of local and Union labor.[6] As prime contractors source subcontractors within these requirements they are more likely to contract with small and diverse businesses.
- Ava also has growing partnerships to support local workforce development opportunities for community members. Some of this work is in direct relation to the deployment of Ava's local clean energy programs, and some is more generally dedicated to advancing clean energy jobs training, workforce development, and career pathways for young people.
- As mentioned in Board of Directors engagement, Ava has worked to incorporate evaluation criteria regarding the hiring of local and equitable workforces, in the spirit of workforce development. The criteria was approved by the Board of Directors in January 2024.

Community Sponsorships

- Ava is dedicated to reinvesting in its communities through a series of ongoing financial sponsorships and grants to local community-based organizations and programs. Community Sponsorships are awarded three times per year. The maximum award amount is $2,500 per organization per award round. Community Sponsorships go to all sorts of incredible local organizations in categories spanning from STEM education to arts & music to addressing food insecurity. In 2023, 20 unique organizations received a Community Sponsorship.[7]
- Ava continued to be an official Climate Justice partner of the Oakland Roots Sports Club ("Oakland Roots"), a professional soccer club on a mission to be a model community partner. This sponsorship involves $125,000 per year for three years (2023 being Ava's third year), supporting the Oakland Roots in their efforts to become climate positive[8] and to continue building a diverse and inclusive community of fans from across Northern California. In turn, Ava hosts a booth at all home games to engage fans of all ages in learning more about the agency.

2023 Community Investment Grants

- Ava began awarding grants this funding cycle (2023–2026), with the objective of investing in the community, educating and empowering Ava customers for the energy transition. Three RFPs out of the five grants were posted as of December 2023.[9]
- One grant awarded $150,000 in grant funds in December 2023 (another $150k will be paid, for a total of $300,000, over 2 years) to Channing St. Co. in support of Induction Cooking Education and Awareness.[10] This grant will support Ava Customers in replacing gas use. Specifically, Channing St. will provide electrification education and awareness at community events, prioritizing outreach to and enrollment from residents in Equity Priority Communities.[11]
- The other two RFPs were in support of Environmental and Renewable Energy Education grant (for elementary and middle schools)[12] and a Youth Training Education (for high school-aged or recent college grads).[13] These were posted in December 2023 with proposals arriving by the end of February 2024.

6 A bonus equal to 2.5% in competitive solicitations is awarded to bidders utilizing Union labor, as detailed and codified in the Administrative Procurement Policy.

7 List of Community Sponsorships: AvaEnergy.org/community-sponsorships

8 Oakland Roots press release and Ava partnership video, September 2021.

9 AvaEnergy.org/solicitations

10 Induction Cooking Education and Awareness Grant. August 15, 2023.

11 mtc.ca.gov/planning/transportation/access-equity-mobility/equity-priority-communities

12 Climate, Renewable Energy and Electrification Education Grant. December 22, 2023.

13 Clean Energy Jobs and Training for Youth Awareness Grant. December 22, 2023.

Power Procurement—2023 Long-Term Resource Request for Offers[14]

- As part of the RFO, Ava advertised the CPUC's Supplier Diversity Program including Ava's GO 156 reporting requirements and encouraged eligible parties to consider certification.

Supplier Diversity Questionnaire

- Ava sent requests to prospective respondents from the Ava Supplier Diversity email address—supplier-diversity@avaenergy.org—and attached the GO 156 Certification Benefits & FAQs document,[15] to help garner vendor attention and participation in both the questionnaire, and the GO 156 program overall.
- Given the unique set of vendors Ava works with, many do not hold contracts with the investor-owned utilities and were unaware of GO 156. When Ava distributed the questionnaire, Ava again received feedback that the socialization of the program and the Supplier Clearinghouse were highly informative to many of its vendors. Several eligible vendors noted their status and interest in pursuing certification as a result of learning about GO 156 and the Supplier Clearinghouse. Ava will support their pursuit of certification.
- In addition to collecting required data for this Annual Report, Ava staff also took the opportunity to gather details and feedback relative to local job creation and workforce development opportunities that stem directly from Ava contracts.

Support and Technical Assistance to Small and Diverse Businesses

- Ava is committed to assisting existing GO 156-eligible prime contractors in pursuing certification. Ava offers technical assistance directly to vendors, as well as publicly on Ava's website. In 2023 Ava did not receive any requests for support in the certification application process but did actively extend the offer to the eight 2022 vendors who self-identified as 'eligible but not yet certified' through last year's questionnaire. In outreach to diverse and ethnic chambers of commerce, Ava also included information on GO 156 certification, along with the offer for technical assistance to any of the organizations' members.
- Ava also evaluated avenues to actively support Ava's existing prime contractors in identifying certified subcontractors from the Supplier Clearinghouse where they have the need and interest. Given low interest from vendors, Ava did not pursue developing a formal platform to enable prime contractors to review and engage with certified subcontractors more easily. Ava has, however, continued to promote the Supplier Clearinghouse as a robust database to source subcontractor leads, including highlighting this point on Ava's Supplier Diversity webpage and linking to the Supplier Clearinghouse directly.
- Through Ava's advertising of the certification, Pivotal Talent Search certified with CPUC. In addition two other businesses are finalizing their CPUC certification.

Assistance Programs Supporting Diverse Communities

In addition to the work in supporting diverse businesses, it is important to highlight Ava's efforts to support diverse communities.

- Ava currently participates in several CPUC regulated programs aimed at assisting customers with their utility bill including the Disadvantaged Communities-Green Tariff ("DAC-GT") and the Percentage of Income Payment Plan ("PIPP"). Ava's DAC-GT program, known as the "Ava Solar Discount" program, offers customers access to 100% renewable energy supply and a 20% discount on their electricity bills. DAC-GT is for groups who are California Alternate Rates for Energy/Family Electric Rate Assistance Program (CARE/

[14] AvaEnergy.org/ebce-sjce-2023-rfo/

[15] *GO 156 Certification Benefits & FAQs, Ava PDF*

FERA) enrolled and living in a designated disadvantaged community,[16] i.e. groups who have high barriers to accessing low-cost, renewable energy. By the end of 2023, Ava's Solar Discount program was enrolled up to its program cap of ~2,600 customers. In 2023, the program provided customers a total of $467,031 in electric bill savings. Participants received an average of $17.30 off their monthly electricity bill.

- Ava also participated in the Percentage of Income Payment Plan (PIPP), a 4-year pilot program for customers who are CARE-enrolled and located in one of Ava's top 20 zip codes with the highest rate of recurring disconnections. Customers' energy charges are capped at a fixed amount, plus taxes and fees. There are two standardized bill caps that can apply to the customer's bill and are based on the customer's income level. Ava customers were first enrolled in the program starting in March 2023. By the end of 2023, Ava's PIPP program had ~630 enrolled customers. Ava's program size is capped at 708 spots. In 2023, the program provided customers a total of $165,635 in electric generation bill savings. Participants received an average of $33.46 off their monthly electric bill on the generation side.
- In November 2023, every household on an income-qualifying rate under the CARE/ FERA programs automatically received a one-time $50 bill credit. With about 115,000 qualifying accounts, Ava is putting approximately $6 million back in customers' wallets. Furthermore, in November and continuing on a rolling basis, all Ava residential customers (including those on CARE or FERA) will receive a $7.74 bill credit, and all Ava commercial customers will receive volumetric savings on their bills based on their electricity usage. These two tranches total $10.5 million across residential and commercial bills.

Ava's Supplier Diversity Website and Contact Information

Ava's Supplier Diversity webpage can be found at:
AvaEnergy.org/supplier-diversity

Ava's Supplier Diversity Program Manager, Joseph Sit can be reached at:
jsit@AvaEnergy.org or 510.904.1032.

[16] *A "disadvantaged community" is a community that appears among the top 25% of census tracts identified by CalEnviroScreen 3.0 or CalEnviroScreen 4.0. CalEnviroScreen is an analytical tool created by the California Environmental Agency (CalEPA) that measures a combination of economic, health, and environmental factors by census tract.*

9.1.2 Supplier Diversity Results of Goods and Services (non-power purchases) if Procured

In Ava's fourth year Ava contracted with four confirmed GO 156 certified suppliers, for a total Diverse spend of $224,835. In 2023 Ava supported nine eligible suppliers, and one additional diverse supplier based outside of California. The eligible but not yet certified suppliers have identified as Minority-Owned and/or Women-Owned Business Entities. Ava will work with the other interested suppliers to support their pursuit of certification by the Supplier Clearinghouse. If all eligible suppliers were certified in 2023, Ava's total Diverse spend would have increased by $48,660 for a would-be total of $273,495.

As detailed in Section 9.1.1, given that CCAs' supplier selection process does not take account of diverse supplier status for any procurement, Ava's diverse supplier spend is a small portion of annual Net Procurement. Ava's total procurement with certified vendors captures spend with small and local business services within communities that Ava serves, and also bespoke technical consulting services utilized to support innovative new clean energy programs, power portfolio management, and regulatory analysis and compliance. All four certified diverse vendors highlighted in this 2023 Annual Report are California-based businesses. All four businesses are located in Bay Area counties—including one in Ava's service area.

Women-Owned Business Entity Procurement

Of Ava's four certified diverse suppliers, two are certified as a Woman-Owned Business Entity ("WBE"), with one certified as both a Minority-Owned and Woman-Owned Business Entity ("WMBE"). In the tables within this Section 9.1.2, the WMBE-certified vendor was counted under the Total Minority-Owned Business Entity ("MBE") column; this vendor was still counted under the appropriate Minority Female portions of the various tables but was not double counted towards total diverse spend.

- **Blaisdell's Business Products** is an Oakland-based office goods vendor that supplies Ava with various office amenities.
- **Clean Energy Regulatory Research, LLC** is a San Francisco-based regulatory consulting firm providing services to the utility sector on clean energy programs.

Minority-Owned Business Entity Procurement

Of Ava's four certified diverse suppliers, two are certified as a Minority-Owned Business Entity ("MBE"), with one certified as both a Minority-Owned and Woman-Owned Business Entity ("WMBE"). As noted above, the WMBE-certified vendor was counted under the Total Minority-Owned Business Entity ("MBE") column, and they were not double counted towards total diverse spend.

- **Clean Energy Regulatory Research, LLC** is a San Francisco-based regulatory consulting firm providing services to the electric and gas utility sector on clean energy programs.
- **Pacific Printing** produced various mailers and printed collateral for Ava.

LGBT-Owned Business Entity Procurement

Of Ava's four certified diverse suppliers, one is certified as a Lesbian, Gay, Bisexual, or Transgender-Owned Business Entity ("LGBTBE").

- **The Law Office of Joseph F. Wiedman** is a Cloverdale-based firm providing legal services in the realm of cleantech law, policy, and energy markets.

9.1.2: Supplier Diversity Results of Goods and Services (non-power purchases) by Direct and Subcontractor Spending

		Direct	Sub	Total $	%
Minority Male	African American	–	–	–	–
	Asian Pacific American	–	–	–	–
	Hispanic American	$145,648	–	$145,648	1.22%
	Native American	–	–	–	–
	Total Minority Male	**$145,648**	**–**	**$145,648**	**1.22%**
Minority Female	African American	–	–	–	–
	Asian Pacific American	$45,135	–	$45,135	0.38%
	Hispanic American	–	–	–	–
	Native American	–	–	–	–
	Total Minority Female	**$45,135**	**–**	**$45,135**	**0.38%**
Total Minority Business Enterprise (MBE)		**$190,783**	**–**	**$190,783**	**1.60%**
Women Business Enterprise (WBE)		**$21,130**	**–**	**$21,130**	**0.18%**
Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)		**$12,923**	**–**	**$12,923**	**0.11%**
Disabled Veteran Business Enterprise (DVBE)		**–**	**–**	**–**	**–**
Persons with Disabilities Business Enterprise (DBE)		**–**	**–**	**–**	**–**
Other 8(a)*		**–**	**–**	**–**	**–**
Total Supplier Diversity Spend		**$224,835**	**–**	**$224,835**	**1.88%**

Net Procurement**	$11,960,645
Net Product Procurement	$309,305
Net Service Procurement	$11,651,339
Total Number of Diverse Suppliers that Received Direct Spend	4

Ava Notes:

One firm is certified as a WMBE. This firm's procurement cost was counted once under the Total MBE. Ava did not collect sufficient data in 2023 to have visibility into certified subcontractor spend by prime contractors.

CPUC Notes:

** 8(a) - Businesses owned and controlled by persons found to be disadvantaged by the U.S. Small Business Administration pursuant to Section 8(a) of the Small Business Act, as amended (15 U.S.C. 637 (a)) or the U.S. Secretary of Commerce, pursuant to Section 5 of Executive Order 11625 (GO 156 Section 1.3.13).*

*** Net Procurement includes purchase orders, non-purchase orders, and credit card dollars*

Direct - Means Direct Procurement: when a CCA directly procures from a supplier

Sub - Means Subcontractor Procurement: when a prime contractor, in contract with a CCA, procures from a subcontractor to fulfill its contractual obligation(s)

% - Percentage of Net Procurement

9.1.2: Supplier Diversity Results of Goods and Services (non-power purchases) by Product and Service Spending

		Product	Service	Total $	%
Minority Male	African American	–	–	–	–
	Asian Pacific American	–	–	–	–
	Hispanic American	$1,583	$144,065	$145,648	1.22%
	Native American	–	–	–	–
	Total Minority Male	**$1,583**	**$144,065**	**$145,648**	**1.22%**
Minority Female	African American	–	–	–	–
	Asian Pacific American	–	$45,135	$45,135	0.38%
	Hispanic American	–	–	–	–
	Native American	–	–	–	–
	Total Minority Female	**–**	**$45,135**	**$45,135**	**0.38%**
Total Minority Business Enterprise (MBE)		**$1,583**	**$189,200**	**$190,783**	**1.60%**
Women Business Enterprise (WBE)		**$21,130**	**$0**	**$21,130**	**0.18%**
Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)		–	**$12,923**	**$12,923**	**0.11%**
Disabled Veteran Business Enterprise (DVBE)		–	–	–	–
Persons with Disabilities Business Enterprise (DBE)		–	–	–	–
Other 8(a)*		–	–	–	–
Total Supplier Diversity Spend		**$22,712**	**$202,123**	**$224,835**	**1.88%**

Net Procurement**	$11,960,645
Net Product Procurement	$309,305
Net Service Procurement	$11,651,339
Total Number of Diverse Suppliers that Received Direct Spend	4

Ava Notes:

One firm is certified as a WMBE. This firm's procurement cost was counted once under the Total MBE. Ava did not collect sufficient data in 2023 to have visibility into certified subcontractor spend by prime contractors.

CPUC Notes:

** 8(a) - Businesses owned and controlled by persons found to be disadvantaged by the U.S. Small Business Administration pursuant to Section 8(a) of the Small Business Act, as amended (15 U.S.C. 637 (a)) or the U.S. Secretary of Commerce, pursuant to Section 5 of Executive Order 11625 (GO 156 Section 1.3.13).*

*** Net Procurement includes purchase orders, non-purchase orders, and credit card dollars*

Direct - Means Direct Procurement: when a CCA directly procures from a supplier

Sub - Means Subcontractor Procurement: when a prime contractor, in contract with a CCA, procures from a subcontractor to fulfill its contractual obligation(s)

% - Percentage of Net Procurement

9.1.2: Small & Local Spend

Ava is also including an optional table to the CCAs to highlight local, California, and certified small business spend. Local is constituted by a business' location within Ava's service area, and small businesses are those certified by the California Department of General Services ("DGS"). These values do not influence diverse supplier spend values reported elsewhere in this report. As the table shows, Ava spends with the highest number of local businesses, and spends roughly 75% of its Net Procurement within California. In terms of absolute dollars compared to 2022, Ava small & local spend tripled, and overall spending in California increased by more than 50%.

	Small Business*		Local Business (exclude Small Business*)		Combined	
	Procurement ($)	# of Suppliers	Procurement ($)	# of Suppliers	Small & Local Combined Spend ($)	Small & Local Combined Spend (% of Net Procurement)
Ava Local	$25,310	2	$4,686,173	101	**$4,711,483**	**39.39%**
In State (excludes Ava local)	$10,410	1	$4,160,830	168	**$4,171,240**	**34.87%**
Out of State	–	–	$3,077,922	65	**$3,077,922**	**25.73%**
TOTAL	**$35,720**	**3**				

Net Procurement**	**$11,960,645**

Ava Notes:

Ava Local is constituted by a business' location within Ava's service area. Companies that are both certified small and local are not double counted. All certified small businesses hold a Small Business (micro) certification from the DGS.

CPUC Notes:

** Firms classified as small businesses by DGS include non-diverse businesses*

*** Net procurement includes purchase order, non-purchase order, and credit card dollars*

Direct - Direct procurement

Sub - Subcontractor procurement

% - Percentage of net procurement

9.1.3 Supplier Diversity Program Expenses

Ava's Supplier Diversity program expenses include staff and consulting time in the development of internal and external activities, as well as the preparation of the 2022 Report that occurred at the beginning of calendar year 2023. This included multiple sessions focused on collaboration and preparation with other CCAs as well as staff-wide training time.

Expense Category	Year (Actual)
Wages	$6,851
Other Employee Expenses	$0
Program Expenses	$0
Reporting Expenses	$0
Training	$0
Consultants	$825
Other	$0
TOTAL	**$7,676**

9.1.5 Description of Prime Contractor Utilization of Diverse Subcontractors

Understanding the certification status of subcontracted business entities continues to be a blind spot for Ava. Though Ava staff requested information from our prime contractors in the Supplier Diversity questionnaire, Ava's current data collection processes do not capture the necessary information on subcontractors to have certainty on certification status or potential eligibility.

In Ava's 2023 Supplier Diversity questionnaire, Ava again asked vendors to detail their subcontracting with certified and/or eligible subcontractors. 86% of the questionnaire respondents do not utilize subcontractors for their work for Ava, and the rest of the prime contractors who required subcontractors utilized businesses that were not GO 156 certified or did not know the status of their subcontractor businesses. Heightened awareness of the Supplier Diversity program and Clearinghouse did not translate to better prime knowledge of subcontractor status. In addition, much of the work for which Ava contracts is not subcontracted out, nor does Ava give preference to bidders with diverse suppliers. In sum, there is little reason or opportunity for Ava prime contractors to engage diverse subcontractors.

Additionally, as committed to in Ava's 2023 Annual Plan, Ava surveyed prime contractors in 2023 to gather feedback regarding the value of a platform to connecting them to certified subcontractors as a way of supporting existing prime contractors' own supplier diversity efforts. Vendors expressed low interest in such a platform, and Ava did not pursue developing a formal platform.

With all that said, Ava continues to promote the Supplier Clearinghouse as a robust database to source subcontractor leads, including highlighting this point on Ava's Supplier Diversity webpage and linking to the Supplier Clearinghouse directly.

9.1.6 List of Supplier Diversity Complaints Received and Current Status

Ava did not receive any complaints in regard to Ava's Supplier Diversity program or procurement methodologies. On the contrary, for a fourth year in a row Ava received positive feedback from various vendors grateful for the opportunity to not only share their status relative to Ava's compliance needs—i.e. which 'boxes they tick'—but to also share the active programs and initiatives they have developed and/or are maintaining relative to their own supplier diversity and workforce development efforts.

9.1.9 Description of Supplier Diversity Activities and Progress in Power (Energy) Procurement

2023 Long Term RFO

In the Spring of 2023, Ava released a request for offers ("RFO") to procure additional long-term renewable energy resources, energy storage, and clean energy hedges.[17] In written materials describing the solicitation, Ava provided background resources on GO 156 and specifically encouraged eligible suppliers to pursue certification. Negotiations in that RFO are still underway.

Furthermore, standard contracts in Ava procurement now include a section defining prime counterparties' responsibility to perform annual reporting to Ava of their status as a certified vendor, if applicable, and their spend with eligible and/or certified subcontractors or other businesses. In addition to highlighting GO 156 and the Supplier Diversity program in written materials, Ava describes the program and its importance in solicitation webinars. Ava is committed to educating counterparties about the GO 156 program and its value to the business landscape, supporting the certification process for eligible contractors, and directing vendors to the Supplier Clearinghouse Certified Directory as an additional resource for hiring subcontractors. Ava places a high value on diversity and continues to support the mission of GO 156 while experiencing the same challenges as investor-owned utilities in its application to the power procurement space as well as additional challenges unique to Ava.

As explained by the utilities in previous reports, the wholesale electric marketplace is comprised of large, long-term assets primarily owned and operated by large corporations and financial institutions. The generating resources that provide electricity to California customers are capital-intensive to construct and operate, limiting the opportunities for small to medium-sized businesses to enter the market as primary developers, owners, or operators. In the limited instances where small and medium-sized businesses do achieve contracts with load serving entities, these small businesses typically sell their assets to larger institutions; thus, the small businesses ultimately perform the role of an agent to develop and execute contracts for generating resources rather than the long-term owner or operator of the resource. This eliminates the opportunity for load serving entities to make ongoing payments to these small businesses.

As a local government entity, Ava is further challenged in its ability to engage in transactions with certified vendors in the power procurement space as Ava is legally prohibited under Prop 209 from granting preferential treatment to businesses solely because of its designation as a diverse business enterprise.

[17] Ava Spring 2023 RFO

Workforce and Environmental Justice Evaluation Criteria

Ava is limited in procuring from a diverse supplier base due to barriers to the wholesale market and because of Prop 209 cannot grant preferential treatment to diverse businesses in the contracting process. In addition, as a load serving entity, Ava does not typically make payments on contracts during the development process, only paying generating resource occurs when it is operational.

However, Ava continues to make strides in advocating for its priorities, strengthening workforces that are local, equitable, and comprised of union employees, as well as addressing environmental justice priorities. Using recently Board-approved evaluation criteria consistent with these priorities, Ava can more effectively select power projects and impress Ava's priorities on the project development process.

Over the latter half of 2023, Ava worked in establishing these criteria. Ava staff engaged with the CCA Workforce & Environmental Justice Standards Alliance, a large stakeholder group made up of over 40 organizations that represent the interests of labor, climate, and environmental justice. The Alliance includes representatives from the Building and Construction Trades Council of Alameda County, Let's Green CA!, SLO Climate Coalition, and a number of other workforce, environmental justice, and community based organizations. Through these discussions, Ava built out these criteria into the overall evaluation of energy offtake agreements.

Historically, evaluation of energy offtake agreements has been consistent with these project selection criteria, but the discussions and the evaluation standards that came out of that dialogue, formalize policy that outlines Ava's priorities for board approval in an official and public manner.

Ava staff presented and discussed a working draft of the Criteria at the November 8, 2023 Finance, Administrative, and Procurement subcommittee meeting. Policy was finalized in coordination with stakeholders and received approval on January 17, 2024.[18]

Ava Energy Portfolio through 2023

Of Ava's executed contracts for more than 900MW of long-term renewables and approximately 550MW of utility-scale storage, six achieved commercial operation by the end of 2023 all of which generated invoices that were requested or paid during the calendar year.

GO 156 tracks load serving entities' physical power procurement in the form of (1) renewable and non-renewable physical power, and (2) fuels procured for generation (typically diesel or natural gas). Ava aspires to achieve an emissions-free portfolio of generating resources by 2030. By the end of 2023, other than the six long-term contracts for renewable energy that had achieved commercial operation, the remainder of Ava's physical power needs were filled through short-term hedges to minimize exposure to price volatility; Ava's portfolio also includes a long-term standalone battery energy storage contract that came online in 2021. GO 156 reporting explicitly excludes financial hedges, Inter-SC Trades, and purchases from the CAISO in the report. As such, the table here in 9.1.9 only reflects Ava procurement from five long-term renewables contracts that generated invoices in 2023, Renewable Energy Credits ("RECs"), Carbon-Free Energy, and Resource Adequacy.[19] Ava does not contract with fossil-fired generators for electricity; as a result, the organization has no cause to procure diesel or natural gas used to generate electricity. Additionally, as Ava only provides electric service, Ava does not contract for any fuels for non-generation. Thus, Ava has no ability to engage in transactions with certified vendors for fuels.

As referenced in the Executive Summary, Ava's Local Development Business Plan ("LDBP") provides a blueprint for how Ava can increase local jobs, reduce pollution, and accelerate a just transition in Alameda County. Ava is implementing the LDBP across the agency's functions.

[18] *Staff Report. January 17, 2024.*

[19] *All 2023 Resource Adequacy was counted as 'non-renewable power products' for the purposes and interpretations of the definitions for this report, despite some capacity coming from renewable resources*

9.1.9: Supplier Diversity Results in Power (Energy) Procurement

		Direct Power Purchases $	Direct Fuels for Generation $			Totals $[20]			%[21]
		Renewable and Non-Renewable Power Products	Diesel	Nuclear	Natural Gas	Direct[22]	Sub[23]	Total $[24]	
Minority Male	African American	$0	$0	$0	$0	$0	$0	0%	0%
	Asian Pacific American	$0	$0	$0	$0	$0	$0	0%	0%
	Hispanic American	$0	$0	$0	$0	$0	$0	0%	0%
	Native American	$0	$0	$0	$0	$0	$0	0%	0%
	Total Minority Male	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**0%**	**0%**
Minority Female	African American	$0	$0	$0	$0	$0	$0	0%	0%
	Asian Pacific American	$0	$0	$0	$0	$0	$0	0%	0%
	Hispanic American	$0	$0	$0	$0	$0	$0	0%	0%
	Native American	$0	$0	$0	$0	$0	$0	0%	0%
	Total Minority Female	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**0%**	**0%**
Total Minority Business Enterprise (MBE)		$0	$0	$0	$0	$0	$0	0%	0%
Women Business Enterprise (WBE)		$0	$0	$0	$0	$0	$0	0%	0%
Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)		$0	$0	$0	$0	$0	$0	0%	0%
Disabled Veteran Business Enterprise (DVBE)		$0	$0	$0	$0	$0	$0	0%	0%
Persons with Disabilities Business Enterprise (DBE)		$0	$0	$0	$0	$0	$0	0%	0%
Other 8(a)[25]		$0	$0	$0	$0	$0	$0	0%	0%
Total Supplier Diversity Spend		$0	$0	$0	$0	$0	$0	0%	0%

Net Power Procurement	$171,970,259
Net Direct Power Purchases	$171,970,259
Net Direct Fuels for Generation	$0
Total Number of Diverse Suppliers	0

Ava Notes:

Ava also excluded any purchases from any other CCAs. Non-Renewable Power Products Direct includes 2023 purchases Carbon-Free Energy (large hydro and ACS), and Resource Adequacy (all resources). Renewable Power Products Direct includes 2023 long-term renewables contracts payments, as well as Renewable Energy Credit (REC) purchases. Dollar figures in this table are standard; entered in $MMs in supplemental Excel template submitted to CPUC.

CPUC Notes:

[20] *Excludes purchases from the California Independent System Operator (CAISO), utilities, federal entities, state entities, municipalities and cooperatives.*

[21] *% - Percentage of Net Procurement.*

[22] *Includes Direct Power Purchases and Direct Fuels for Generation. Direct - Means Direct Procurement: when a CCA directly procures from a supplier.*

[23] *Sub - Means Subcontractor Procurement: when a prime contractor, in contract with a CCA, procures from a subcontractor to fulfill its contractual obligation(s).*

[24] *"Total" does not include pre-commercial development (COD) subcontracting values.*

[25] *8(a) - Businesses owned and controlled by persons found to be disadvantaged by the U.S. Small Business Administration pursuant to Section 8(a) of the Small Business Act, as amended (15 U.S.C. 637 (a)) or the U.S. Secretary of Commerce, pursuant to Section 5 of Executive Order 11625 (GO 156 Section 1.3.13).*

Attachment Consent Item 14B

2024 Annual Plan

10.2 Description of Supplier Diversity Program Activities Planned for the Next Calendar Year

Prop 209 bars Ava from adopting specific goals or targets in terms of contracting with diverse suppliers. Accordingly, Ava focuses on engagement of existing prime contractors with the Supplier Diversity program. This takes the form of: 1) identifying and encouraging eligible vendors to complete the certification process—Ava already has a number of vendors in this stage after the 2023 questionnaire was completed—as well as 2) ensuring prime contractors are aware of the Supplier Clearinghouse as they go out to source subcontractors, and 3) continued efforts to reach the business community with educational materials around Ava's contracting opportunities and GO 156 certification information.

In addition to continued commitments to local purchasing and community grants and scholarships, Ava has also committed to the below activities to include and or continue in 2024.

Internal Activities

Website and Supplier Resources

- Ava will continue to add relevant updates and resources to its Supplier Diversity webpage and promote it to businesses and their networks.

Staff Engagement

- All Ava staff will attend an annual internal training on GO 156, covering program overview, requirements, and responsibilities.

Data Capture and Improved Processes

- Ava staff implemented improved internal processes and data capture to make future reports even more thorough and robust. These initiatives will continue across the organization.

External Activities

Solicitations

- Ava will continue including information on the CPUC Supplier Diversity program in all solicitations and solicitation webinars.

Diversifying Outreach

- Ava will continue to expand outreach efforts in addition to Ava's existing network of local community environmental groups, trade organizations, and chambers of commerce. Ava staff will continue outreach and partnership efforts with other local networks to communicate its solicitations and contracting opportunities more directly with these groups and their members.

CCA Collaboration

- Ava will continue to explore the potential to collaborate with other CCAs in outreach and education efforts to their supplier ecosystems.

Power Procurement—Future Long-Term Resource Request for Offers

- Similar to Ava's 2023 Long-Term Request for Offers, Ava staff will advertise the CPUC's Supplier Diversity Program including Ava's GO 156 reporting requirements and encouraged eligible parties to consider certification in future procurement solicitations

10.2 Plans to Encourage Prime Contractors to Subcontract Small, Local, and Diverse Businesses

Ava will continue to promote the Supplier Clearinghouse as a valuable database to source subcontractors, highlighting this on Ava's Supplier Diversity webpage and providing a link to CPUC's Supplier Clearinghouse. In addition to providing a network of vendors to its prime contractors, staff also emphasize its value to help businesses pursue their own small, local, and diverse business procurement goals.

Staff also follow a 'local first' approach with contracting opportunities when possible. As noted in the LDBP,[20] it stresses the importance of supplier diversity, particularly from vendors located in Ava's service territory. For procurements that require a solicitation, potential suppliers may receive points for their small or local business status (but Ava does not make decisions solely based off these classifications). Ava's emphasis will naturally lead prime contractors to pursue small and local subcontractors, as it meets business needs.

[20] AvaEnergy.org/local-development-business-plan

Attachment Consent Item 14B

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Consent Item 15

TO: Ava Community Energy Board of Directors

FROM: Kelly Brezovec, Sr. Director of Account Services

SUBJECT: **Accounts Receivable Recovery Process, Policy Update**

DATE: March 20, 2024

Recommendation

Adopt a resolution updating Ava Community Energy's Accounts Receivable Recovery Process policy.

Background and Discussion

The initial policy regarding Delinquent Accounts and Collections (Accounts Receivable Recovery Process) was adopted as part of the February 7, 2018, staff report covering Administrative and Operational Policies. The Board of Directors received an informational review of this policy at the November 20, 2019 meeting. At that time, staff intended to put the policy into operations by the end of the 2019-2020 fiscal year; instead, the policy was put on hold in response to the State's emergency customer protections adopted to support customers impacted by the COVID-19 pandemic. The State's COVID-19 State of Emergency terminated on February 28, 2023.

The Financial, Administrative, and Procurement Subcommittee meeting received a policy proposal update at the March 13, 2024 meeting and provided feedback to staff.

Ava staff is revisiting our Accounts Receivable Recovery Process in preparation for putting it into operation in 2024.

Current Policy

The current policy, which is available, but not enforced, provides paths for three activities related to delinquent payments and the accounts receivable (AR) recovery process:

1. *Ava can return delinquent customers to PG&E for continued non-pay.*
2. *Customers with debt exceeding set limits for both amount of debt and days past due, will be provided with a late payment notification and placed on a payment plan if no payment is received.*

3. *Customers with closed accounts and a past due balance will be available for recovery.*

<u>Customer Debt Journey</u>
Ava customers follow PG&E's Electric Rules 8 and 11, which outlines actions applied to past due accounts and have not changed substantially since the initial delinquency and collections policy was written in 2018. Previously, the 15-day notice window opened on Day 27-33, the 48-hour notice on Day 41-47 and the account was eligible for disconnection as of Day 50-56. For non-residential, the account was eligible for disconnection on day 32. The current policy is listed below in Table 1.

Table 1: PG&E Delinquency Process as of December 2023

Residential Accounts		Non-Residential Accounts	
Day 0	Bill is completed and issued.	Day 0	Bill is completed and issued.
Day 21	Bill is due	Day 17	Bill is due
Day 22	Past due	Day 18	Past due
Day 27-34	A new bill is issued for current charges and a 15-day notice is included for past due charges.	Day 21-34	A new bill is completed for new charges and any unpaid charges and a 7-day notice is issued for past due charges.
Day 42	96-hour notification sent		
Day 44-47	48-hour notice via mail		
Day 48	Outbound phone call		
Day 51	Account is eligible for disconnection	Day 43	Account is eligible for disconnection
Day 60	Final letter is sent	Day 52	Final letter is sent
Day 95	Reverse debt to CCA	Day 87	Reverse debt to CCA

As shown in Table 1, PG&E follows a schedule regarding delinquency, with several customer contact points, each an opportunity for a customer to pay their bill in full or agree to a payment plan to become current on their balance. Payment plans may be three (3) to 24 months long.

Should a customer fail to pay their balance or enter a payment plan, the customer will be disconnected. Forty-four days after the disconnection, Ava's debt that remains unpaid will be "reversed" to Ava. At this time, Ava may begin efforts to recover debt, as PG&E is no longer issuing bills that include our outstanding balance.

<u>Proposed Policy Updates</u>

1. ***Ava can return delinquent customers to PG&E for continued non-payment.***

Ava proposes to maintain this policy. While Ava has not yet returned customers to PG&E, there may be egregious situations that call for the return of customers to PG&E. Returning a customer to PG&E would both allow Ava to cap the arrears and, eventually, PG&E would reverse the debt back to Ava, allowing for collection activities to commence.

The current policy states that the outstanding balance must be over 90 days old to return customers to PG&E. As shown in Table 1, Ava may want to return a customer to PG&E prior to 90 days, since the debt would automatically be returned to us at that time regardless. Staff recommends removing the time restriction to customize this step per situation and limit the number of returns.

2. ***Customers with debt exceeding set limits for both amount of debt and days past due, will be provided with a late payment notification and placed on a payment plan if no payment is received.***

The current policy states, for residential customers:

> *EBCE (Ava) Residential customer accounts exceeding $250 in charges overdue for more than 90 days will be sent a late payment notification by EBCE (Ava). The customer will be provided 60 days to pay or make payment arrangements. If payment in full is not received within 60 days from the date of notification, or the terms of an activated payment arrangement are not fulfilled, the EBCE (Ava) customer account may be closed and returned to PG&E bundled generation service on the next account meter read date.*

As shown in Table 1, PG&E is already managing the delinquency process for the customer via several notices and customer contact points. Additionally, Ava does not have the ability to make payment arrangements; payment arrangements, also known as payment plans, are managed by PG&E, who handles billing and payment.
Staff considered maintaining a delinquent payment notification in this policy. However, we are unable to discern, in a timely manner, if a customer has started a payment plan with PG&E. Payment plans result in ongoing payments to Ava, and the customer may become current in as little as three months. A reminder notification may cause

confusion and a customer paying Ava directly, thus delaying the payment to PG&E – which could result in an avoidable shut-off.

Therefore, Ava proposes removing the policy section regarding delinquent payments for residential, as well as the similar discussion around non-residential delinquent accounts.

3. ***Customers with closed accounts and a past due balance over $100 will be sent to collections for overdue charges.***

Ava expects to reduce our accounts receivable balance through a recovery process. Today's policy limits that recoverable balance to $100. The standard practice at other Community Choice Aggregators varies, with the recovery process threshold ranging from zero to $100. Staff recommends editing the policy today to allow Ava to choose a starting point and modify as needed to optimize both the customer experience and our operations. Staff recommends a lower threshold for recovery, starting at $10.

Residential Focus: Setting a threshold for AR recovery
Of outstanding debt from closed accounts, closed residential accounts contribute 55% of the total outstanding debt and 93% of total (closed) accounts, making this population a natural focus for Ava's initial AR recovery actions.

Over 93,000 residential customers have closed accounts with debt aged 61 days or more. As shown in Table 2, a lower limit of $10 would include most of our uncollected debt, while having no limit would result in over 5,500 customers receiving an invoice of less than one dollar. At a lower dollar amount of $10, Ava would be able to attempt to recover approximately $1.6M more from about 40,000 customers, compared to a higher threshold of $100.

Lowering the amount to $0 would require Ava to send out an additional 20,000 notices to customers and only bring in approximately $39,000. This would not be cost-effective, as it would cost about $1 per letter sent. There are approximately 10,000 customers that owe between $5-10 totaling about $70,000. This amount is not substantial enough for us to attempt to collect currently.

Table 2: Arrears for terminated residential customers, at 61+ days past due.

Threshold	Total Count	Total Arrears	CARE/ FERA Count	CARE/ FERA Total Arrears	Standard Count	Standard Total Arrears
Total	93,153	$14,656,000	21,065	$4,429,782	70,288	$10,226,800

≥$100	26,916	$13,043,000	9,494	$4,034,425	15,624	$9,009,740
<$100	66,237	$1,612,000	11,571	$395,357	54,664	$1,217,060
≤$50	54,848	$795,000	8,293	$156,829	46,555	$637,690
≤$20	38,744	$265,650	4,815	$39,055	33,928	$226,595
≤$10	27,757	$105,260	3,041	$12,686	24,716	$92,575
<$1.00	5,592	$2,635	548	$252	5,404	$2,380

Next, staff reviewed the differences between Residential CARE/FERA, standard residential customers, and non-residential customers, as shown in Tables 3 and 4. While customers in a special program do show slightly higher levels of average and median arrears, the range is similar. Non-residential customers, as expected, have higher average arrearage. Staff will examine these differences more while moving forward with the recovery process.

Table 3: Residential & non-residential arrears, average and median, at 61+ days past due.

Customer Type	Average Arrears	Median Arrears
Standard Residential	$160	$30
Residential CARE/FERA	$210	$82
Residential Non-CARE/FERA	$146	$25
Non-Residential	$1764	$154

Table 4: Arrears for terminated non-residential customers, at 61+ days past due.

Lower Limit	**Non-residential Customer Count**	**Total Arrears**
Total	6,723	$11,859,300
>$1,000	1,375	$10,847,361

≥$100	3,874	$11,770,042
<$100	2,849	$89,258
≤$50	2,127	$35,904
≤$20	1,351	$9,094
≤$10	970	$3,418
<$1.00	273	$95.85

Ava expects to begin our AR recovery process around a lower limit of $10 and will modify based on results and feedback. It's important to note that while this activity may result in recovery and collections activity for CARE/FERA customers, these customers have already closed their accounts. Ava's recovery activities will not be the cause of customers being shut off for non-payment. Ava is making a request to collect on owed funds on closed accounts. Ava does not intend for this recovery process to negatively impact a customer's credit report.

Fiscal Impact
In the past five years of operations, Ava has amassed over $26 million in outstanding uncollected debts. While some of this is old debt and will be part of a write off process, at a $5 million annual accrual rate, a recovery process that nets 20% of past due AR would see an additional $1 million back to Ava's budget.

Next Steps
Following an approval to update to the policy, staff intends to issue a Request for Proposal for qualified third-parties to manage AR Recovery efforts in alignment with Ava's stated requirements and financial best practices.

Attachments

A. Resolution
B. Amended Policy
C. Current Policy
D. PowerPoint

RESOLUTION NO. R-2024-xx
A RESOLUTION OF THE BOARD OF DIRECTORS OF AVA COMMUNITY ENERGY AUTHORITY ACCOUNTS RECEIVABLE RECOVERY PROCESS

WHEREAS The Ava Community Energy Authority ("Ava") was formed as a community choice aggregation agency ("CCA") on December 1, 2016, Under the Joint Exercise of Power Act, California Government Code sections 6500 *et seq.,* among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions. The cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of Ava and parties to the JPA in March of 2020. The city of Stockton, located in San Joaquin County was added as a member of Ava and party to the JPA in September of 2022. The city of Lathrop, located in San Joaquin County, was added as a member to Ava and party to the JPA in October of 2023. On October 24, 2023, the Authority legally adopted the name Ava Community Energy Authority, where it had previously used the name East Bay Community Energy Authority since its inception.

WHEREAS the Delinquent Accounts and Collection Policy was adopted by the Board in the February 2018 meeting.

WHEREAS since adoption, aspects of the policy now require updating to align with best practices.

WHEREAS the original policy states Ava can return delinquent customers to PG&E for continued non-pay after the outstanding balance is at least 90 days old.

WHEREAS the original policy states customers with past due debt exceeding $250 for more than 90 days will be provided with a late payment notification and placed on a payment plan if no payment is received.

WHEREAS the original policy states customers with closed accounts and a past due balance over $100 will be available for recovery.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF AVA COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Approves the replacing of the existing Delinquent Accounts and Collection Policy with the Accounts Receivable Recovery Policy.

Section 2. The replacement policy permits Ava to return customers to PG&E service at any time for continued non-payment.

Section 3. The replacement policy properly places the obligation of notification and payment plan development with PG&E.

Section 4. The replacement policy removes the minimum balance allowable for recovery.

ADOPTED AND APPROVED this 20th day of March, 2024.

Jack Balch, Chair

ATTEST:

Adrian Bankhead, Clerk of the Board

Ava Community Energy

ACCOUNTS RECEIVABLE RECOVERY PROCESS

Policy Number:
Approval Date:
Agenda Item: {To be added by Clerk}
Approved by Resolution: {To be added by Clerk}

Delinquent Accounts:
Pursuant to Electric Rules 8 and 11, Pacific Gas & Electric (PG&E) uses the following process to determine past due accounts and the necessary action:

Residential Accounts		**Non-Residential Accounts**	
Day 0	Bill is completed and issued.	Day 0	Bill is completed and issued.
Day 21	Bill is due	Day 17	Bill is due
Day 22	Past due	Day 18	Past due
Day 27-34	A new bill is issued for current charges and a 15-day notice is included for past due charges.	Day 21-34	A new bill is completed for new charges and any unpaid charges and a 7-day notice is issued for past due charges.
Day 42	96-hour notification sent		
Day 44-47	48-hour notice via mail		
Day 48	Outbound phone call		
Day 51	Account is eligible for disconnection	Day 43	Account is eligible for disconnection
Day 60	Final letter is sent	Day 52	Final letter is sent
Day 95	Reverse debt to CCA	Day 87	Reverse debt to CCA

Aging Accounts:
All Ava Community Energy accounts, whether Residential or Non-Residential, identified in the month aging accounts receivable report, as provided by PG&E, are eligible to be returned to PG&E for continued non-payment.

Accounts Receivable Recovery Process:
Closed Ava accounts with overdue amounts may be recovered by Ava or referred to a collection agency and are subject to the recovery process established by this policy.

This policy replaces the existing policy for Delinquent Accounts and Collections (P-2018-4).

POLICY NO. 2018 - 4
Delinquent Accounts and Collections

Agenda: February 7, 2018
Item No.: 7
Resolution: No Resolution associated with policy

Subject: Delinquent Accounts and Collections Policy

Policies:

Delinquent Accounts:

Pursuant to Electric Rules 8 and 11, Pacific Gas & Electric (PG&E) uses the following process to determine past due accounts and the necessary action:

Residential Accounts		Non-Residential Accounts	
Day 1 - Issuance of Bill	Customer Receives Bill	Day 1 - Issuance of Bill	Customer Receives Bill
Day 22	Past Due	Day 18	Past Due
Day 27 - 33	15 Day Notice on Next Bill	Day 21	7 Day Notice Delivered
Day 41-47	48 Hour Notice via Mail	Day 29	24 Hour Phone Call or In Person Notice
Day 45 - 51	24 Hour Phone Call or In Person Notice	Day 32	Account is Eligible for Disconnection
Day 50-56	Account is Eligible for Disconnection		

Aging Accounts:

All EBCE accounts, whether Residential or Non-Residential, identified in the month aging accounts receivable report, as provided by PG&E, with outstanding balances over 90 days or more are eligible to be returned to PG&E.

EBCE Residential customer accounts exceeding $250 in charges overdue for more than 90 days will be sent a late payment notification by EBCE. The customer will be provided 60 days to pay or make payment arrangements. If payment in full is not received within 60 days from the date of notification, or the terms of an activated payment arrangement are not fulfilled, the EBCE customer account may be closed and returned to PG&E bundled generation service on the next account meter read date. Residential customers returned to PG&E will be charged the applicable EBCE opt-out fee.

EBCE Non-Residential customer accounts exceeding $500 in aggregate in unpaid charges for 60 days or more will be sent a late payment notification by EBCE. The customer will be provided 30 days to pay or make payment arrangements. If payment in full is not received within 30 days of the date of notification, or the terms of an activated payment arrangement are not fulfilled, the EBCE customer account may be closed and returned to PG&E bundled generation service on the next account meter read date. Non-residential customers returned to PG&E will be charged the applicable EBCE opt-out fee.

Collections:

Closed East Bay Community Energy accounts with overdue amounts greater than $100 may be referred to a collection agency. Amounts $100 or less may be written off. PG&E may close customer accounts before payment delinquencies bring them to the attention of EBCE operations. When PG&E closes customer accounts, these accounts are also closed in the EBCE program. In these cases, the thresholds outlined in the preceding paragraphs apply in either referring closed accounts to collections or writing off balances.

Attachment Consent Item 15D

Ava Community Energy

Accounts Receivable Recovery Process: Proposed Policy Update

Board of Directors Meeting

March 20, 2024

History

- The Delinquency and Collections policy was approved by the Board in 2018
- Staff had intended to put the Delinquency and Collections policy into operations by the end of the 2019-2020 fiscal year
- During COVID-19, California's emergency customer protections paused collections activities for utilities
- Ava is revisiting our Accounts Receivable Recovery Process in preparation of putting it into operations in 2024

Current Delinquency and Collection Policy

1. Ava may return delinquent customers to PG&E for continued non-pay.

2. Customers with debt exceeding set limits for both amount of debt and days past due, will be provided with a late payment notification and placed on a payment plan if no payment is received.

3. Customers with closed accounts and a past due balance will be available for recovery.

1. Return Customers to PG&E

Current

- Customers with outstanding balances over 90 days are eligible to be returned to PG&E.
- They may be charged the applicable Ava opt out fee.

Proposed

- Ava will continue to reserve the right to return delinquent customers to PG&E bundled service.
- Ava will not assess the applicable Ava opt out fee.

Current Customer Debt Journey

RESIDENTIAL	COMMERCIAL
Day 21: Bill is due	Day 17: Bill is due
Day 27-34: 15-day notice is sent	Day 21-34: 7-day notice is sent
Day 42: 96-hour notification sent	
Day 44: 48-hour notice is sent via mail	
Day 51: Account is eligible for disconnection	Day 43: Account is eligible for disconnection
Day 95: Reverse debt	Day 87: Reverse debt

2. Delinquent Payment Notice Process

Current

- Ava residential accounts exceeding $250 & non-residential accounts exceeding $500 in charges overdue for more than 90 days will be sent a late payment notification by Ava.
- Residential customers will be provided 60 days to pay or make payment arrangements and non-residential will be provided 30 days.
- If payment in full is not received within 30/60 days from the date of notification, or the terms of an activated payment arrangement are not fulfilled, the Ava customer account may be closed and returned to PG&E bundled generation service on the next account meter read date.

Proposed

- Remove delinquency notices, as all delinquent payment notices are sent by PG&E as described in Rule 8 & 11
- Payment arrangements (payment plans) are managed by PG&E. Ava is unable to manage payments for active customers. Remove this reference.

3. Accounts Receivable Recovery Process

Current

- Closed Ava accounts with overdue amounts greater than $100 may be referred to a collection agency.
- Amounts $100 or less may be written off.

Proposed

- Closed Ava accounts with overdue amounts may be recovered via a collections agency or other recovery process.

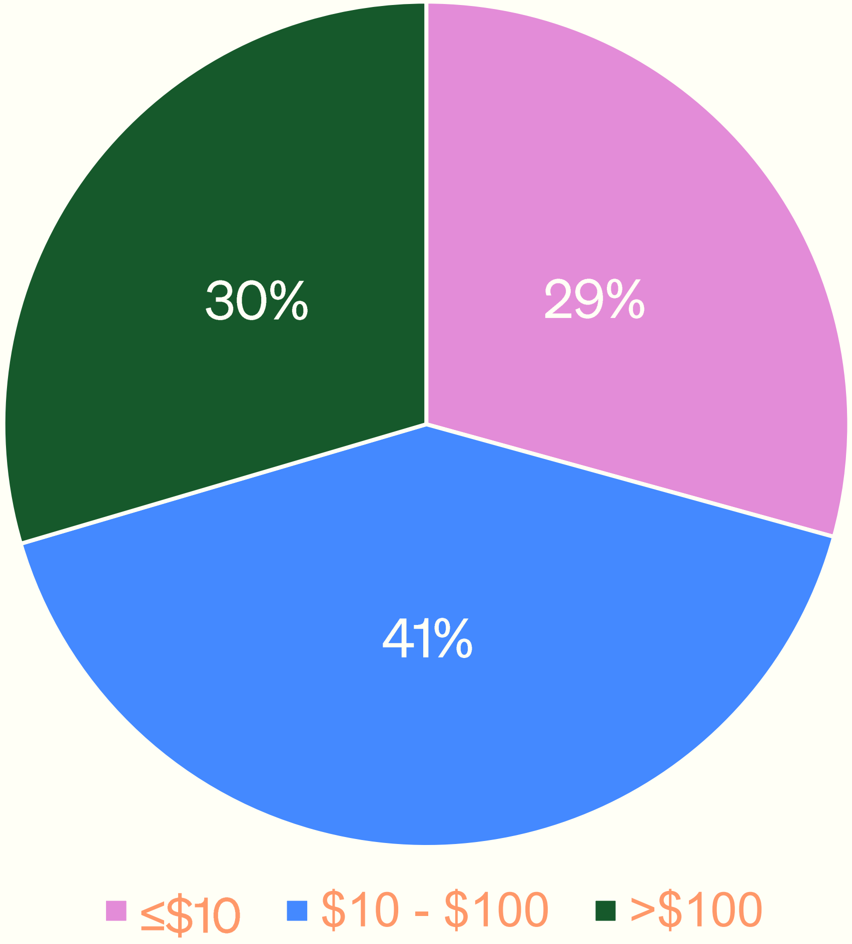
Residential Focus: Setting a Threshold

- Of outstanding debt from closed accounts
  - Closed residential customer accounts contribute 55% of the total outstanding debt, about 93% of total accounts

- A threshold of $100 would exclude nearly 75% of residential customers from recovery efforts

Residential Focus: Setting a Recovery Limit

Arrears for Terminated Customers, 61+ Days Past-Due Collection Limit Percentage



Average Arrears Across Customer Groups

- CARE, FERA, or Medical Baseline customers have a similar, though higher level of arrears than standard residential customers

- Staff expects to continue to review these differences during the recovery process implementation

Residential arrears for terminated customers, 61+ days past-due

Residential Customer Type	Average Arrears	Median Arrears
All Residential	$160	$30
CARE, FERA, or Medical Baseline	$210	$82
Non-CARE/FERA	$146	$25
Non- Residential	$1,764	$154

Fiscal Impact

- Total arrears for terminated accounts currently about $28.4 million
- $26.5 million available for recovery
  - 20% recovery rate would reduce this to $21.1 million
- Potential to recover $1 million annually from past due balances

Next Steps

- Following approval of the updated policy, staff intends to issue a Request for Proposal for qualified third-parties to manage AR Recovery efforts in alignment with Ava's stated requirements and financial best practices.
  - Staff will work with selected agency to determine a minimum recovery threshold
  - Ava requests that the recovery efforts do not negatively impact a customer's credit score

Thank you!

Ava Community Energy

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Social PoweredWithAva

Consent Item 16

TO: Ava Community Energy Board of Directors

FROM: Jason Bartlett, Sr Finance Manager

SUBJECT: Aging Account Write-Off Policy

DATE: March 20, 2024

Recommendation
Approve a Resolution adopting the Aging Account Write-Off Policy.

Background and Discussion
Ava Community Energy Authority (Ava) tracks unpaid and delinquent accounts on its books as a balance in the accounts receivable (AR) line item on the financial statements. Currently, this balance is held indefinitely and accumulates over time.

While there have been a couple of instances with removing unrecoverable customer payments from the AR line item (an act known as "writing off", as it is written off the books) through the California Arrearage Payment Program (CAPP), there has been no other instance of reducing the AR balance by determining which accounts are truly unrecoverable and those that are simply delinquent or can be followed up for recovery or payment planning.

Ava staff is now proposing a policy with the intent to implement immediately. The policy gives details into operational logistics and regulatory conditions of write-offs, particularly with alignment to California Code of Civil Procedure 337 (Section 337), which governs timelines in which recovery attempts can occur. Specifically, recovery efforts are not permitted to continue after four years from the time debt incursion.

In addition, this policy coordinates with the proposed Accounts Receivable Recovery Process Policy to establish a best practice for write-offs to work with recovery options. This policy can also work with all currently established Ava recovery policies.

Fiscal Impact
The immediate write-off of accounts aged more than four years, as per Section 337, would result in a reduction of approximately $1.9MM from the accounts receivable balance.

Average write-offs for accounts aging to the four-year mark, per Section 337, is approximately $121,500 per month over the next year. Efforts with recovery would reduce this amount.

There is a total of $26MM in unrecovered payments from terminated accounts.

Committee Recommendation
The Finance, Administrative, and Procurement (FAP) subcommittee has reviewed this item and has approved it to be brought to the Board of Directors for approval.

Attachments

A. Resolution to Adopt the Aging Account Write-Off Policy
B. Aging Account Write-Off Policy

RESOLUTION NO. R-2024-XX

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE AVA COMMUNITY ENERGY AUTHORITY TO APPROVE THE AGING ACCOUNT WRITE-OFF POLICY

WHEREAS The Ava Community Energy Authority ("Ava") was formed as a community choice aggregation agency ("CCA") on December 1, 2016, Under the Joint Exercise of Power Act, California Government Code sections 6500 *et seq.,* among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions. The cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of Ava and parties to the JPA in March of 2020. The city of Stockton, located in San Joaquin County was added as a member of Ava and party to the JPA in September of 2022. The city of Lathrop, located in San Joaquin County, was added as a member to Ava and party to the JPA in October of 2023. On October 24, 2023, the Authority legally adopted the name Ava Community Energy Authority, where it had previously used the name East Bay Community Energy Authority since its inception.

WHEREAS Ava tracks unpaid and delinquent accounts on its books as a balance ("aging balance") in the accounts receivable (AR) line item on the financial statements.

WHEREAS the aging balance is held indefinitely and accumulates over time.

WHEREAS there currently is no approved policy to reduce this balance for accounts that are truly uncollectable.

WHEREAS any policy established should complement Ava's existing Accounts Receivable Recovery Policy and be compliant with all relevant laws and statues.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF AVA COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

<u>Section 1.</u> The adoption of the Aging Account Write-Off policy (the "Policy") to establish a methodology for managing the aging balance with write-offs of customer balances that are deemed truly uncollectable.

<u>Section 2.</u> The Policy aligns with Ava's existing Accounts Receivable Recovery Policy in matters of applied criteria and abides by California Code of Civil Procedure 337 in matters of due process.

ADOPTED AND APPROVED this 20th day of March, 2024.

____

Jack Balch, Chair

ATTEST:

____

Adrian Bankhead, Clerk of the Board

Ava Community Energy

Aging Account Write-Off Policy

Policy Number:
Approval Date:
Agenda Item: {To be added by Clerk}
Approved by Resolution: {To be added by Clerk}

Purpose

The purpose of this policy is to establish a consistent, self-standing process for writing off aging accounts in coordination with established accounts receivable and recovery policy and practices.

Background Discussion

Ava Community Energy Authority (Ava) has the authority to deem an account unrecoverable and approve a write-off of an amount owed by a customer.

In accordance with Generally Accepted Accounting Principles (GAAP), Ava recognizes bad debt expense in the period that the unrecoverable balance has been identified. Under California State law, Ava may pursue the aged balances in accordance with its Board approved recovery policy. Ava may write off certain unrecoverable balances that meet specific criteria which satisfy both governing laws and guiding principles.

Policy

1. Unless otherwise formally directed, administered, or requested by the Board of Directors through an amendment to this policy, balances will only be written off from terminated accounts or any balances that are allowed to be written off under law.
    a. Terminated accounts are defined as customers no longer under service by Ava Community Energy Authority. Active accounts are still being notified of any past-due amounts through the customer's monthly bill.
2. Per California Code of Civil Procedure §337, the statute of limitations to pursue debt is four years after debt incursion. Pursuant to this Civil Procedure any terminated accounts with debts aged greater than four years may be considered for immediate write-off.
3. If applicable, terminated accounts with balances below the established minimum recovery threshold will be written off upon the returning of the aged balance from PG&E.
4. Terminated accounts with balances above the minimum recovery threshold, if established, will be evaluated for write-off in a process in accordance with governing best-practices and Ava's accounts receivable recovery policy.
5. Periodically, staff will review this write-off policy for best practice developments and propose any adjustment to the Board of Directors for any recommended changes.

Consent Item 17

TO: Ava Community Energy Authority Board of Directors

FROM: Alex DiGiorgio, Sr. Manager, Public Engagement

SUBJECT: Proposed Amendments to Policy on Member Requests to Change the Default Rate Product for Certain Customers

DATE: March 20, 2024

Recommendation

Approve Resolution adopting an amended Default Rate Product Change Policy regarding Ava member agency ("JPA member") requests to change the default rate product for certain customers within their jurisdiction.

The proposed amendments include 1) adjusting the timeline for Board approval and staff implementation of JPA member requests within this Policy; and 2) administrative updates reflecting the Ava brand/agency name change.

Background and Discussion

On March 17, 2021, Ava's Board of Directors approved the Agency's Policy on Member Requests to Change the Default Rate Product for Certain Customers ("Policy" attached). This action came in response to the City of Dublin's request (expressed via City Council Resolution) to have Ava's Renewable 100 become the new default electric service for all residential accounts within the City's jurisdiction (aside from those on discount programs, such as CARE/FERA and/or Medical Baseline). Previously, Ava's Bright Choice option had been Dublin's default electric service for all customer accounts since the City's initial enrollment—as was the case for the vast majority of Ava's JPA member-jurisdictions.

Since the Policy's passage, seven (7) of Ava's JPA member-jurisdictions have implemented Renewable 100 as their default service option for both residential and commercial customers.[1] These jurisdictions include the cities of Albany, Berkeley, Dublin[2], Emeryville, Hayward, Pleasanton, and San Leandro.

Additional jurisdictions are currently exploring if/when to implement the policy (to make Renewable 100 the default service for some or all customer account types).
The table below summarizes the default service option by customer account type (i.e., Residential, Commercial/Industrial, and Municipal accounts) for JPA member-jurisdictions currently served by Ava.[3] The highlighted rows indicate jurisdictions that have implemented the Policy.

Table 1: Default Ava Service Option by JPA Member & Customer Type

Jurisdiction	Residential	Commercial	Municipal	CARE/FERA & Med Baseline
Albany	R100	R100	R100	Bright Choice
Berkeley	R100	R100	R100	Bright Choice
Dublin	R100	R100	R100	Bright Choice
Emeryville	R100	R100	R100	Bright Choice
Fremont	Bright Choice	Bright Choice	R100	Bright Choice

[1] The City of Piedmont chose to have Renewable 100 become the default service option for Residential accounts (excluding those on CARE/FERA and Medical Baseline) during its initial enrollment in 2018 and before the current policy had been established. Similarly, the cities of Albany, Hayward, and Pleasanton all chose to have Ava's Brilliant 100 service (which was closed and no longer available to customers) as the default service during their initial enrollments.
[2] The City of Dublin implemented the policy on two separate occasions: first to make Renewable 100 the default service for all Residential accounts (apart from CARE/FERA and Medical Baseline), and then to make it the default service for all Non-Residential accounts (i.e., Commercial, Industrial and Municipal accounts).
[3] The cities of Stockton and Lathrop are scheduled to begin Ava service in January of 2025. Staff currently anticipates Bright Choice to be the initial default service option for all customer types within both cities.

Hayward	R100	R100	R100	Bright Choice
Livermore	Bright Choice	Bright Choice	R100	Bright Choice
Newark	Bright Choice	Bright Choice	Bright Choice	Bright Choice
Oakland	Bright Choice	Bright Choice	Bright Choice	Bright Choice
Piedmont	R100	Bright Choice	R100	Bright Choice
Pleasanton	R100	R100	R100	Bright Choice
San Leandro	R100	R100	R100	Bright Choice
Tracy	Bright Choice	Bright Choice	Bright Choice	Bright Choice
Union City	Bright Choice	Bright Choice	Bright Choice	Bright Choice

Policy Implementation
To implement the Policy, a city or county's elected leadership (i.e., the City Council or County Board of Supervisors) must communicate its desire to do so by official action, typically by passing a Resolution to this effect. Thereafter, Ava's Board of Directors must approve the jurisdiction's request before staff may implement it.

To help ensure 1) a smooth transition for customers and 2) adequate time for Ava to procure sufficient volumes of wholesale power resources, the Policy provides a six-month implementation "runway" from the time of Board approval to the subsequent enrollment/transition of customer accounts. As originally drafted, the Policy provided two timelines by which member-jurisdictions could seek Ava Board approval and implementation for default service transitions. These are summarized in the Policy via the table below:

Table 2: Current Ava Policy for Citywide Service Plan Transitions

Ava Board Approval By	Implementation By
April 30 of Year A	October 31 of Year A
September 30 of Year A	March 31 of Year A+1

To help further streamline the implementation process—and facilitate strategic, cost-effective, long and short-term power procurement, as well as efficient and effective community outreach—staff is proposing to amend the Policy to have one timeline by which member-jurisdictions may change their default service option(s). This proposed, single timeline would require **Ava Board approval by May 31 of a given year, with implementation to occur during the month of March of the following year** (i.e., on the March billing cycle of individual customer accounts). As such, the Policy's table above would be adjusted as follows:

Table 3: Proposed Ava Policy for Citywide Service Plan Transitions

Ava Board Approval By	Implementation ~~By~~
~~April 30~~ May 31 of Year A	~~October 31~~ March of Year A + 1
~~September 30 of Year A~~	~~March 31 of Year A+1~~

Proposed amendments to Policy's implementation timeline: 1) Ava Board approval by May 31st of a given year; and 2) staff implementation of new default enrollments/service transitions in March of the following year.

At its meeting on March 6, 2024, Ava's Executive Committee discussed staff's proposed amendments to the Policy's timeline, including a single, annual deadline for Ava Board approval of JPA member requests within the Policy; and the timing of staff implementation of Board-approved requests.

Regarding the former, the Committee expressed support for staff's recommendation. By limiting the Policy to a single, annual Board approval deadline of **May 31**, Ava's staff will continue to have adequate "runway" to plan and procure for approved JPA member requests to transition to new citywide/countywide default service options. Regarding the latter, the Committee considered and compared two potential months (i.e., January vs. March) for staff implementation of Board-approved citywide/countywide default service plan transitions. The table below summarizes considerations associated with enrolling customers in January vs. March of the following year. Ultimately, the Committee recommended March as the month in which staff should implement approved default service plan transitions.

Table 4: **Considerations of a January vs. March Default Service Plan Transition**

Consideration	January	March
Ease of outreach/communication	Customer notifications sent during Q4/holiday season	Customer notifications sent during Q1
Customer bill impacts	Winter bills tend to be high, may also be aligned with a PG&E rate change	Seasonal rates are lower, as is typical customer usage. However, summer bills are higher in inland communities.
Accounting/Power Procurement	Straightforward 12 months for Renewable Energy Credits (RECs) and Carbon Free (CF) portfolio planning/purchasing Temperature/climate tends to be universally lower/less variable during January. This typically makes 24-hour energy scheduling easier to plan	Cost risks may increase with shorter timeframe for REC and CF procurement Jurisdictions w/higher temperatures/less moderate weather (e.g. San Joaquin County jurisdictions) may have greater impact on Ava's overall energy profile. Thus, 24-hour energy scheduling implications may be harder to anticipate if they begin later in the year.
City/County Climate Action Plan Commitments	Annual accounting may be simplified	Climate action planning may be somewhat more difficult/less straightforward

<u>Fiscal Impact</u>
There is no cost to amending the Policy on Member Requests to Change the Default Rate Product for Certain Customers.

Limiting the Policy to a single/annual implementation timeline may help streamline internal processes that result in operational efficiencies.

<u>Committee Recommendation</u>
At its meeting on March 6, 2024, Ava's Executive Committee recommended adopting the proposed amendments to the Policy on Member Requests to Change the Default Rate Product for Certain Customers. These amendments are reflected in Attachment B. They specifically include: 1) requiring Ava Board approval by May 31 of a given year; and 2) staff implementation in March of the following year.

Attachments

A. Resolution for Default Rate Product Change Policy
B. Current Policy on Member Requests to Change the Default Rate Product for Certain Customers
C. Redlined version of Policy on Member Requests to Change the Default Rate Product for Certain Customers (reflecting proposed amendments)
D. Presentation - Proposed Amendments: Default Rate Product Change Policy

RESOLUTION NO. R-2024-XX

A RESOLUTION OF THE BOARD OF DIRECTORS

OF THE AVA COMMUNITY ENERGY AUTHORITY TO APPROVE AMENDMENTS TO THE DEFAULT RATE PRODUCT CHANGE POLICY

WHEREAS The Ava Community Energy Authority ("Ava") was formed as a community choice aggregation agency ("CCA") on December 1, 2016, Under the Joint Exercise of Power Act, California Government Code sections 6500 *et seq.,* among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions. The cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of Ava and parties to the Joint Powers Authority ("JPA") in March of 2020. The city of Stockton, located in San Joaquin County was added as a member of Ava and party to the JPA in September of 2022. The city of Lathrop, located in San Joaquin County, was added as a member to Ava and party to the JPA in October of 2023. On October 24, 2023, the Authority legally adopted the name Ava Community Energy Authority, where it had previously used the name East Bay Community Energy Authority since its inception.

WHEREAS, since 2018 Ava Community Energy Authority has provided its member agencies with a choice of which default service product to provide to its customers, and several member agencies have upgraded their default product offerings.

WHEREAS on March 17, 2021, the Board of Directors approved the Default Rate Product Change Policy ("Policy").

WHEREAS on March 17, 2021, the Policy was implemented by the Board of Directors via Resolution 2021-9 to approve the City of Dublin's request to make Renewable 100 the default product for Dublin's residential customers, except for those on discount programs such as CARE/FERA and Medical Baseline.

WHEREAS on July 21, 2021, the Policy was implemented by the Board of Directors via Resolution 2021-32 to approve the requests from the city councils of the cities of Albany, Berkeley, Hayward, and Pleasanton to make Renewable 100 the default product for residential and commercial customers, except for those on discount programs, such as CARE/FERA and Medical baseline.

WHEREAS on September 22, 2021, the Policy was implemented by the Board of Directors via Resolution 2021-42 to approve the San Leandro City Council's request to make Renewable 100 the default product for residential and commercial customers, except for those on discount programs, such as CARE/FERA and Medical baseline.

WHEREAS on April 20, 2022, the Policy was implemented by the Board of Directors via Resolution 2022-12 to approve the request by the Dublin City Council to make Renewable 100 the default product for commercial customers, and to approve the request by the Emeryville City Council to make Renewable 100 the default product for residential and commercial customers, except for those on discount programs, such as CARE/FERA and Medical baseline.

WHEREAS in January of 2022, consistent with the Board's direction and due to the closure of the Brilliant 100 product, Ava staff implemented the Policy by enrolling residential customers in the City of Dublin, and residential and commercial customers in the cities of Albany, Hayward, and Pleasanton in Renewable 100, as the new, citywide default product.

WHEREAS in March of 2022, consistent with the Board's direction, Ava staff implemented the Policy by enrolling residential customers in the cities of Berkeley and San Leandro in Renewable 100, as the new, citywide default product.

WHEREAS in October of 2022, consistent with the Board's direction, Ava staff implemented the Policy by enrolling commercial customers in the cities of Berkeley, Dublin, and San Leandro; and residential and commercial customers in the City of Emeryville in Renewable 100, as the new, citywide default product.

WHEREAS changes to JPA members' default rate products can have a fiscal impact on Ava, due to the need for additional renewable energy procurement, customer notification requirements, and other operational adjustments.

WHEREAS in consultation with the Board and Community Advisory Committee, staff has identified adjustments to the Policy, which can help create a more efficient, cost-effective, and customer-oriented process for Board consideration and staff implementation of future JPA member requests to change the default rate product within their jurisdictions;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF AVA COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The Board of Directors hereby approves amendments to the Default Rate Product Change Policy (attached hereto as Exhibit A), which identify May 31 as the annual date by which Board approval must be given to JPA member requests under the Policy; and March of the following year as the month in which staff implements the corresponding, jurisdiction-wide customer account enrollments.

Section 2. This resolution shall become effective immediately upon its adoption.

ADOPTED AND APPROVED this 20th day of March 2024.

Jack Balch, Chair

ATTEST:

Adrian Bankhead, Clerk of the Board

EAST BAY COMMUNITY ENERGY
DEFAULT RATE PRODUCT CHANGE POLICY

The purpose of this Default Rate Product Change Policy is to specify a process for a Joint Powers Authority (JPA) member agency ("Member") to change its Default Rate Product[1] and to ensure that East Bay Community Energy (EBCE) is provided with sufficient notice and time to prepare for the change.

When approving a request from a Member to change the Default Rate Product ("Default Rate Product Change") after the Member's initial service enrollment, the EBCE Board ("Board") and Member shall adhere to this Policy, which requires specific cooperation from the Member. This Policy shall not apply to a change in the Default Rate Product which is the result of a rate product closure.

Under this Policy, the Default Rate Product Change request from a Member and subsequent implementation must comply with the following requirements:

1. **Timeline for Board Approval and Implementation**: Any request for a Default Rate Product Change must be approved by the Board. The Board will consider Members' requests for Default Rate Product changes in the spring and the fall, based on the following schedule:
    a. If the Board approves a Member's request for a Default Rate Product Change by April 30 the Default Rate Change will be implemented in October of the same year.
    b. If the Board approves a Member's request for a Default Rate Change by September 30, the Default Rate Change will be implemented in March of the following year.
    c. Notwithstanding the foregoing, the EBCE Chief Executive Officer ("CEO") and the Member may mutually agree upon a different implementation schedule, provided that the CEO provides the Board with notification of the agreed-upon schedule.

Board Approval By	Implementation By
April 30 of Year A	October 31 of Year A
September 30 of Year A	March 31 of Year A+1

2. **Exceptions to Implementation of Default Rate Product Change**: Notwithstanding anything contained in this Policy, in no event shall a Member's Board-approved Default Rate Product Change affect the following:

[1] For purposes of this Policy, the "Default Rate Product" is the EBCE rate product option that each Member selected as the default for EBCE customers within the Member's jurisdiction.

   a. Prior customer enrollment actions. Any customer account that has affirmatively taken action to change its rate product will remain on the selected product.
   b. Prior customer opt-out actions. Any customer account that has affirmatively taken action to opt out of EBCE service will remain opted out.

3. **Frequency of Default Rate Product Change by a Member**: A Member may not change its Default Rate Product more than one (1) time every two (2) years.

4. **EBCE Agency Requirements**: Upon the Board's approval of a Member's request for a Default Rate Product Change, EBCE staff may engage in any of the following activities:
   a. Purchase or prepare to purchase the appropriate amount of resources to meet the expected change in demand associated with the Default Rate Product Change;
   b. Complete or prepare to complete additional regulatory compliance and reporting requirements, if any;
   c. Coordinate with EBCE's data and call center services manager to make necessary operational adjustments;
   d. Evaluate fiscal impacts of the Default Rate Product Change;
   e. Examine EBCE rates and any rate impacts;
   f. Coordinate and work with PG&E on billing considerations, if any;
   g. Prepare for and deploy customer communication efforts;
   h. Identify and address any other operational impacts or issues and take steps to mitigate those impacts/issues; or,
   i. Take any other action necessary to effectuate the Member's approved Default Rate Product Change.

5. **Member Requirements**: The Member requesting a Default Rate Product Change must commit to the following conditions for the change to be implemented:
   a. Collaboration. The Member shall work with EBCE staff to develop and implement a customer communication plan;
   b. Co-Branding. The Member must agree to co-brand customer notifications with the Member's seal; and,
   c. Cost Coverage. EBCE will cover the cost of any operational adjustments and the required customer notices, as detailed in Section 6.a, for the Member's first approved Default Rate Product Change. Costs associated with any subsequent Default Rate Product Changes will be charged to the Member.

6. **Customer Communication**: EBCE will notify customers subject to a Member's approved Default Rate Product Change. EBCE will lead, with support from the Member, the development and dissemination of customer notices.
   a. Required Notifications. Any customer accounts subject to a Member's approved Default Rate Product Change shall be sent a minimum of two

(2) notifications. A minimum of one (1) notice shall be sent prior to the change going into effect.

b. Optional Additional Notifications. In addition to the two (2) required notices referenced in Section 6.a., above, EBCE staff will coordinate with a Member who wishes to develop and distribute additional customer notices and/or conduct additional communications such as social media campaigns, jurisdictional newsletters, Member press release, etc. The Member shall be responsible for the costs of such additional communications.

7. A customer may take an enrollment action to change their EBCE rate product, to opt in to EBCE service, or to opt out of EBCE service at any time by notifying EBCE through the standard channels of phone, interactive voice recording, or online form.

~~EAST BAY~~Ava COMMUNITY ENERGY
DEFAULT RATE PRODUCT CHANGE POLICY

The purpose of this Default Rate Product Change Policy is to specify a process for a Joint Powers Authority (JPA) member agency ("Member") to change its Default Rate Product[1] and to ensure that ~~East Bay~~Ava Community Energy (~~EBCE~~~~AVA~~Ava) is provided with sufficient notice and time to prepare for the change.

When approving a request from a Member to change the Default Rate Product ("Default Rate Product Change") after the Member's initial service enrollment, the ~~EBCE~~Ava Board ("Board") and Member shall adhere to this Policy, which requires specific cooperation from the Member. This Policy shall not apply to a change in the Default Rate Product which is the result of a rate product closure.

Under this Policy, the Default Rate Product Change request from a Member and subsequent implementation must comply with the following requirements:

1. **Timeline for Board Approval and Implementation**: Any request for a Default Rate Product Change must be approved by the Board. The Board will consider Members' requests for Default Rate Product changes in the spring ~~and the fall,~~ based on the following schedule:
   a. If the Board approves a Member's request for a Default Rate Product Change by ~~April 30~~May 31 the Default Rate Change will be implemented ~~in October of the same~~by [January 31 OR March 31] of the following year.
   ~~b. If the Board approves a Member's request for a Default Rate Change by September 30, the Default Rate Change will be implemented in March of the following year.~~
   ~~c.~~b. Notwithstanding the foregoing, the ~~EBCE~~Ava Chief Executive Officer ("CEO") and the Member may mutually agree upon a different implementation schedule, provided that the CEO provides the Board with notification of the agreed-upon schedule.

Board Approval By	Implementation ~~By~~Month
~~April 30~~May 31 of Year A	~~October 31~~January or March of Year A+1
~~September 30 of Year A~~	~~March 31 of Year A+1~~

2. **Exceptions to Implementation of Default Rate Product Change**: Notwithstanding anything contained in this Policy, in no event shall a Member's Board-approved Default Rate Product Change affect the following:

[1] For purposes of this Policy, the "Default Rate Product" is the ~~EBCE~~AVA rate product option that each Member selected as the default for ~~EBCE~~AVA customers within the Member's jurisdiction.

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Commented [AD1]: Executive Committee feedback included a request for clarification that Implementation would occur during a single billing month

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a. Prior customer enrollment actions. Any customer account that has affirmatively taken action to change its rate product will remain on the selected product.

b. Prior customer opt-out actions. Any customer account that has affirmatively taken action to opt out of ~~EBCE~~Ava service will remain opted out.

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3. **Frequency of Default Rate Product Change by a Member**: A Member may not change its Default Rate Product more than one (1) time every two (2) years.

4. **~~EBCE~~Ava Agency Requirements**: Upon the Board's approval of a Member's request for a Default Rate Product Change, ~~EBCE~~Ava staff may engage in any of the following activities:
   a. Purchase or prepare to purchase the appropriate amount of resources to meet the expected change in demand associated with the Default Rate Product Change;
   b. Complete or prepare to complete additional regulatory compliance and reporting requirements, if any;
   c. Coordinate with ~~EBCE~~Ava's data and call center services manager to make necessary operational adjustments;
   d. Evaluate fiscal impacts of the Default Rate Product Change;
   e. Examine ~~EBCE~~Ava rates and any rate impacts;
   f. Coordinate and work with PG&E on billing considerations, if any;
   g. Prepare for and deploy customer communication efforts;
   h. Identify and address any other operational impacts or issues and take steps to mitigate those impacts/issues; or,
   i. Take any other action necessary to effectuate the Member's approved Default Rate Product Change.

5. **Member Requirements**: The Member requesting a Default Rate Product Change must commit to the following conditions for the change to be implemented:
   a. Collaboration. The Member shall work with ~~EBCE~~Ava staff to develop and implement a customer communication plan;
   b. Co-Branding. The Member must agree to co-brand customer notifications with the Member's seal; and,
   c. Cost Coverage. ~~EBCE~~Ava will cover the cost of any operational adjustments and the required customer notices, as detailed in Section 6.a, for the Member's first approved Default Rate Product Change. Costs associated with any subsequent Default Rate Product Changes will be charged to the Member.

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6. **Customer Communication**: ~~EBCE~~Ava will notify customers subject to a Member's approved Default Rate Product Change. ~~EBCE~~Ava will lead, with support from the Member, the development and dissemination of customer notices.

a. Required Notifications. Any customer accounts subject to a Member's approved Default Rate Product Change shall be sent a minimum of two (2) notifications. A minimum of one (1) notice shall be sent prior to the change going into effect.

b. Optional Additional Notifications. In addition to the two (2) required notices referenced in Section 6.a., above, ~~EBCE~~Ava staff will coordinate with a Member who wishes to develop and distribute additional customer notices and/or conduct additional communications such as social media campaigns, jurisdictional newsletters, Member press release, etc. The Member shall be responsible for the costs of such additional communications.

7. A customer may take an enrollment action to change their ~~EBCE~~Ava rate product, to opt in to ~~EBCE~~Ava service, or to opt out of ~~EBCE~~Ava service at any time by notifying ~~EBCE~~Ava through the standard channels of phone, interactive voice recording, or online form.

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Attachment Consent Item 17D

Ava Community Energy

Proposed Amendments:
Default Rate Product Change Policy

March 20, 2024

Ava's Default Rate Product Change Policy

Aka - Renewable 100 Citywide Opt Up Policy

Purpose: To provide a process by which member-jurisdictions of Ava's Joint Powers Authority (JPA) can request to change their default rate product (e.g., from Bright Choice to Renewable 100); and to ensure Ava has sufficient time to prepare for and implement the change.

Jurisdictions that have implemented the policy (to date): Albany, Berkeley, Dublin, Emeryville, Hayward, Pleasanton, San Leandro

Default Rate Product Change Policy

Current policy provides **two options/timelines** for Board approval + implementation

1. Approval: By April 30 → Implementation: By Oct 31
2. Approval: By Sept 30 → Implementation: By March 31 (of following year)

Board Approval By	Implementation By
April 30 of Year A	October 31 of Year A
September 30 of Year A	March 31 of Year A+1

Default Rate Product Change Policy

Proposed amended policy provides **one option/timeline** for Board approval + implementation

1. Approval: **By May 31** → Implementation: **March of following year** (by account meter-read date)

Ava Board Approval By	Implementation
May 31 of Year A	March of Year A + 1
~~September 30 of Year A~~	~~March 31 of Year A+1~~

S&P Global
Ratings

RatingsDirect®

Summary:
Ava Community Energy, California; Retail Electric

Primary Credit Analyst:
Timothy P Meernik, Englewood + 1 (303) 721 4786; timothy.meernik@spglobal.com

Secondary Contact:
Paul J Dyson, Austin + 1 (415) 371 5079; paul.dyson@spglobal.com

Table Of Contents

Summary:

Ava Community Energy, California; Retail Electric

Credit Profile		
East Bay Community Energy ICR		
Long Term Rating	A/Stable	Affirmed

Credit Highlights

- S&P Global Ratings affirmed its 'A' issuer credit rating (ICR) on Ava Community Energy (Ava), Calif. Ava changed its name from East Bay Community Energy in October 2023.
- The outlook is stable.

Security

At fiscal year-end 2023, Ava had no debt outstanding. The ICR reflects Ava's general creditworthiness and its capacity and willingness to meet its financial commitments as they come due. Because Ava provides retail electric service and is a public agency, S&P Global Ratings evaluates Ava's creditworthiness under the scope of our municipal retail electric and gas utilities criteria.

Credit overview

Ava, a community choice aggregator (CCA) that began operations in 2018, serves more than half a million customer accounts and, we believe, has achieved credit-supportive financial results. The CCA directly competes with the service area's incumbent investor-owned utility, Pacific Gas and Electric Co. (PG&E; BB-/Positive), for providing customers the energy portion of their electric service. (PG&E's transmission and distribution assets deliver the electricity.) Because of the direct competition, we believe Ava's rate-setting flexibility is somewhat limited given that customers could leave the CCA if its rates became uncompetitive relative to those of PG&E.

The rating further reflects our view of Ava's:

- Deep customer base of 640,000 accounts with residential customers responsible for more than 40% of Ava's kilowatt-hour sales, enhancing revenue stability;
- Protective joint powers agreements with member communities, requiring a departing member to provide six months' notice, receive Ava board approval, and make the CCA whole for any costs incurred to serve that member signed prior to its departure, serving, we believe, as a disincentive for a member to terminate its contract with Ava;
- Diverse power supply arrangements with a variety of contract types, geographic locations, and storage capabilities;
- Solid financial performance, including historical fixed-cost and imputed charge coverage (FCC) averaging 1.3x over the past three years, which we expect to continue, and considerable liquidity of 265 days at the end of fiscal 2023, which we expect will increase in the coming years; and
- Lack of debt, enhancing the CCA's financial flexibility.

Partly offsetting the above strengths, in our view, are Ava's:

- Power procurement uncertainty, as the CCA must balance its obligation to enter long-term contracts with a potentially volatile load profile given possible member community and/or individual customer exit from the CCA, as well as a need to balance its renewable mandates with the need for reliable baseload energy;
- High reliance on market purchases with the CCA obtaining a material amount of its electricity from short-term purchases, which we expect will continue for the next several years, although we recognize that the CCA's hedging practices considerably reduce Ava's exposure to elevated market prices, with typically more than 80% of projected load hedged at the start of each month; and
- Indirect exposure to wildfire liabilities incurred by PG&E for its transmission and distribution assets, noting California's strict inverse condemnation standard and PG&E's track record of equipment causing wildfires, although we recognize that the CCA has limited direct wildfire exposure given the absence of Ava-owned generation, transmission, or distribution assets.

Environmental, social, and governance

We believe Ava's exposure to climate transition risk is low because of its predominantly carbon-free resource portfolio that limits the potential for regulatory costs and positions the CCA well for California's renewable portfolio standard. In 2022, Ava's fuel mix of its standard offering was 49% eligible renewables and 0% fossil fuel resources, with about 28% unspecified. Ava plans for its fuel mix to be 100% carbon-free and at least 65% from eligible renewables by 2030. However, as a practical matter, the intermittency of renewable resources might frustrate Ava from achieving California's ambitious greenhouse gas emission goals in the absence of storage technology breakthroughs.

In our view, Ava has some exposure to social capital risks because the CCA's weighted average rate, inclusive of generation, transmission, and distribution charges, is meaningfully above the state average, reducing Ava's rate-raising flexibility. Ava sets its rates close to that set by PG&E, whose weighted average rate was 132% of the state average based on data from the U.S. Energy Information Administration. (We note that the transmission and distribution portion of the bill is set by and paid to PG&E.) Moreover, Ava has seen an increase in delinquencies over the past several years, indicating that some customers are facing payment challenges. Following stronger-than-expected U.S. economic growth through the third quarter of 2023, S&P Global Economics believes that recent business and consumer activity are not sustainable and projects slowing economic activity along with tepid economic growth of 1.5% in 2024 and 1.4% in 2025, which could further pressure Ava's delinquencies. (See "Economic Outlook U.S. Q1 2024: Cooling Off But Not Breaking," published Nov. 27, 2023, on RatingsDirect). Furthermore, although inflation has likely peaked, S&P Global Economics projects elevated interest rates through much of 2024. The combination of delinquent consumer, credit card, and auto loans, along with October's resumption of student loan payments and drawdowns of household savings garnered during the pandemic, will likely compound the financial pressures facing consumers. Consequently, we are monitoring the strength and stability of CCAs' revenue streams for evidence of delinquent payments or other revenue erosion.

We view Ava's risk management, culture, and oversight factors as credit-supportive, as they include robust joint powers agreements with members, full rate-setting autonomy, comprehensive policies and planning (including a risk management program with detailed hedging targets), and a sophisticated management team. The CCA produces detailed long-term financial forecasting and integrated resource plans, and participates in California utility proceedings.

We also believe that Ava performs appropriate due diligence when entering power supply contracts, including examining counterparties' financial well-being and requiring collateral postings. However, the potential for retail customer opt-out somewhat tempers our view of Ava's governance factors.

Outlook

The stable outlook reflects our expectation that Ava's rates will remain competitive with those of PG&E, enabling the CCA to avoid out-migration of customers. We also believe that Ava will maintain significant unrestricted reserves, providing flexibility to meet financial obligations.

Downside scenario

Over the next two years, we could lower the rating if power supply costs increase, which could either pressure the CCA's rate competitiveness and/or result in a reduction in unrestricted reserves, depending on management's actions. Also, if any of the member communities leave the CCA, Ava could be forced to sell surplus contracted power to the market. In the event that market prices decrease to levels significantly below those of the CCA's portfolio, Ava could face significant financial pressure, which could lead us to lower the rating.

Upside scenario

We could raise the rating if FCC and liquidity materially strengthen on a sustained basis as indicated in Ava's financial forecast, which assumes that the CCA maintains rates comparable to those of the incumbent investor-owned utility, yielding increasingly strong financial margins. However, if management opts to enhance rate competitiveness and not increase FCC and liquidity at forecast levels, the potential for a stronger rating is less likely.

Credit Opinion

In our view, the service area has favorable economic fundamentals. The CCA serves 15 member communities, all but one in Alameda County. Median household effective buying income in the county, which is part of the board and the diverse San Francisco Bay Area economy, is 155% of the national level. We also note no customer concentration in the service area with the top 10 customers accounting for only 5% of sales and the top customer 1%.

Ava has a large number of customer accounts, which we believe provides the CCA with considerable economies of scale. Ava has grown quickly in the years in which it has operated because all the accounts in the member communities that PG&E previously served were automatically switched to the CCA when that member community joined Ava. Customers have the option to opt out of Ava service and return to PG&E; there is no penalty to return to PG&E if this occurs within a set timeframe. However, the CCA's opt-out rate has been less than 5%, which we view as low and demonstrating Ava's value proposition.

Compared with the member communities, individual customers have a much lower barrier to leave the CCA, and this, in our view, constrains Ava's rate-raising flexibility. In its first few years of operations, the CCA, which has rate-setting autonomy, has offered customers a rate slightly lower than that which customers would have received from PG&E, while still increasing unrestricted reserves. (The CCA also has an offering that is slightly more expensive than the rate the customers would have received from PG&E.) We believe Ava's lower rate offering is a significant reason that the

CCA's opt-out rates have been minimal. If Ava's rates outpaced those of PG&E, we think more customers would opt-out and return to PG&E. Because of this, we think that rate-setting flexibility is somewhat limited and especially so for as long as the CCA intends to set rates relative to the PG&E rate.

We believe that FCC demonstrates healthy cost recovery, averaging 1.3x over the past three years. FCC is an S&P Global Ratings-calculated metric that treats a share of the CCA's purchased power expenses as debtlike instead of an operating expense. Using the CCA's forecast, we project that FCC will exceed 2x in each of the next several years, although we note that this assumes that the CCA doesn't increase its value proposition relative to that of the incumbent investor-owned utility. If Ava increased its value proposition, its FCC could be lower than the projected 2x.

The utility has considerable liquidity to meet operational and financial challenges. Available reserves, including undrawn amounts on a committed line of credit, exceeded $504 million, or 265 days of operating expenses, at fiscal year-end 2023. We believe Ava's risks associated with its core business model--specifically the potential for customer exodus, rate-setting constraints, and substantial purchases of market electricity--necessitate relatively enhanced reserves. The CCA has a formal liquidity target of 50% of operating expenses, which it exceeded in fiscal 2023, and we view this positively.

Ava has no debt outstanding, and we view this favorably. The CCA's management reports that Ava could incur debt if the associated assets were economical and fit within its risk management plan's tolerances. We note that if the CCA acquires direct or indirect ownership of capital assets, this could have implications for Ava's exposure to California's strict inverse condemnation standard related to wildfires.

Ava Community Energy key credit metrics

	--Fiscal year ended June 30--		
	2023	**2022**	**2021**
Operational metrics			
Electric customer accounts	640,000	640,000	640,000
% of electric retail sales from residential customers	41	41	46
Top 10 electric customers' sales as % of total electric retail sales	5	5	3
Service area median household effective buying income as % of U.S.	155	155	156
Weighted average retail electric rate as % of state	132	125	133
Financial metrics			
Gross revenue ($000s)	820,540	555,554	424,139
Total operating expenses less depreciation and amortization ($000s)	693,695	501,871	401,108
Debt service ($000s)	679	904	870
Debt service coverage (x)	186.8	59.4	26.5
Fixed-charge coverage (x)	1.6	1.3	1.1
Total available liquidity ($000s)*	504,279	228,029	205,662
Days' liquidity	265	166	187
Total on-balance-sheet debt ($000s)	0	0	0

Ava Community Energy key credit metrics (cont.)			
	--Fiscal year ended June 30--		
	2023	2022	2021
Debt to capitalization (%)	0	0	0

*Total available liquidity includes available committed credit line balances, where applicable. Debt service coverage--Revenue minus expenses divided by debt service. Fixed-charge coverage--Sum of revenue minus expenses minus total net transfers out plus capacity payments (or their proxy), divided by the sum of debt service plus capacity payments (or their proxy).

Related Research

Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

CEO Report Item 19

TO: Ava Community Energy Board of Directors

FROM: Nick Chaset, Chief Executive Officer

SUBJECT: CEO Report (Informational Item)

DATE: March 20, 2024

Recommendation
Accept Chief Executive Officer (CEO) report on update items below.

Executive Committee Meeting
An Executive Committee Meeting was held on Wednesday, March 7, 2024. Members discussed the timing of customer enrollment for Stockton and Lathrop and received an updates about the Default Rate Product Change Policy Amendments and resilience hubs and solar + storage incentives. The next meeting will be held on Wednesday, April 3, 2024 at 9am.

Financial, Administrative and Procurement Subcommittee Meeting
A Financial, Administrative and Procurement Subcommittee Meeting was held on Friday, March 13, 2024. Members received updates about the following topics:

- the budget timeline,
- Ava's credit rating,
- the Accounts Receivable Recovery Policy,
- Ava's Aged Account Write-Off Policy,
- the Renewable Surplus Allocation and GASB 62 Methodology, and
- the Treasury Manager Selection and Investment Policy.

The next Financial, Administrative and Procurement Subcommittee Meeting will be held on May 8, 2024 at 1pm.

New Employees

Jenelle Feole, Salesforce and IT Lead

Jenelle joined Ava's Data and Technology team on 2/22/2024 as a Salesforce and IT Lead. Jenelle leads Salesforce and IT infrastructure.

Jenelle has focused on Salesforce for over 10 years, and was previously with Salesforce for 6 years. There, she managed business process automation projects, managed software projects, and collaborated on strategic cross-functional projects. Jenelle has a passion for crafting innovative solutions to address real-world challenges.

Jenelle holds a B.A. in Business Management Economics from University of California, Santa Cruz, and holds numerous technology certifications.

John Perkins, Legal Director
John Perkins joined Ava in March of 2024 as Legal Director. His responsibilities include overseeing all legal aspects of our Administrative Procurement Policy, including contract administration, as well as developing strategy and implementing policies and practices to manage risk.

Before joining Ava, John spent nine years at Salesforce conducting complex commercial transactions before launching the Sustainability Legal team, supporting all environmental/social/governance (“ESG”)-related matters including renewable energy procurement and regulatory compliance. His prior work includes roles across a variety of industries, including solar companies, as well as eight years as a technology professional.

John holds a bachelor’s degree in Professional Writing from Carnegie Mellon University as well as a JD from Golden Gate University.

Ava Board of Directors Meeting

Wednesday, March 20, 2024

6:00 pm

1. **Welcome & Roll Call**

2. **Pledge of Allegiance**

3. **Public Comment**
    - *This item is reserved for persons wishing to address the Board on any Ava Community Energy-related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Board are customarily limited to two minutes per speaker and must complete an electronic speaker slip. The Board Chair may increase or decrease the time allotted to each speaker.*

4. **Closed Session Public Comment**

5. **Closed Session**

    A. Public Employee Appointment pursuant to Code § 54957(b)(1)): Chief Executive Officer.

6. **General Report Out of Closed Session**

CONSENT AGENDA

7. **Approval of Minutes from February 21, 2024**

8. **Contracts Entered into (Informational Item)**

9. **Ascend Analytics Saas First Amendment**

First amendment for Ascend Analytics SaaS agreement for additional NTE

10. **Tulare Solar Center, LLC, Amendment**

Contract Amendment for Tulare Solar Center (aka Luciana) Solar project

11. **Consulting Services Agreement with PA Consulting Group, Inc.**

Approve a Resolution authorizing the CEO to negotiate and execute a CSA with PA Consulting Group, Inc. to provide market entry analysis and support services to Ava Direct-Current Fast Charging (DCFC) program.

12. **CAC Appointments**

Appointment of new CAC Members and Alternates

- CAC would like to further advise and recommend, yet not interfere, in the public process of CAC Member(s) selection based on qualifications, constituent group representation and/or experience.
- CAC voted to provide stipends to Alternates to encourage attendance. (8/0/0/2)

13. **Legislative Update**

Informational update on the state bills Ava has been tracking this year

- Member Landry recommends supporting AB 1999 (Irwin) to repeal AB 205 that would hurt vulnerable ratepayers with utility taxes, increasing from $30 to $70 per month, left unchecked.
- CAC is interested in AB 817 (Pacheco) to allow for remote attendance of subsidiary body members (i.e. CAC) without need to disclose their locations.

14. **2023 Supplier Diversity Report Overview**

Overview of 2023 Supplier Diversity Report to the CPUC

15. Accounts Receivable Recovery Policy Amendment
Update and amend the current Accounts Receivable Recovery Policy

16. Write Off Policy
Approve a policy to write off uncollectible aged accounts.

17. Default Product Change Policy Update
Updates to the policy
- CAC Recommends accepting staff recommendation (8/0/0/2)

18. Credit Rating Affirmation
S&P Global re-affirms Ava's credit rating as "A-Stable"

REGULAR AGENDA

19. CEO Report

20. CAC Chair Report

21. Load Management Standards (LMS) Compliance Plan (Action Item)
Compliance item for the CEC's Load Management Standards
- LMS may be beneficial in load shifting for renewables, Ava may want to consider additional resources or technology to mitigate increased and potentially detrimental costs to ratepayers.
- CAC recommends to continue the item until April meeting, maintaining compliance, for additional review and comment (7/0/1/2)

CAC Notes/Actions:

22. Renewable Surplus Allocation and GASB 62 Methodology (Action Item)
Approve FY22-23 surplus funds for long-term renewable energy investments.

23. **Treasury Manager Selection (Action Item)**
    Approve the RFP selected Treasury Manager

24. ~~**Investment Policy (Action Item)**~~
    ~~Approve the proposed investment policy for treasury management~~

25. **Approval of a Short-Term Extension of Employment Agreement with Chief Executive Officer and Discussion of Succession Plan/Recruitment of new CEO (Action Item)**

26. **Board Member and Staff Announcements including requests to place items on future Board agendas**

27. **Closed Session Public Comment**

28. **Closed Session**
    B. Conference with Real Property Negotiators pursuant to Government Code §
    54956.8: 251 8th Street (Negotiators: CEO Nick Chaset, COO Howard Chang, General Counsel Inder Khalsa) (price and terms of payment).

29. **General Report Out of Closed Session**

30. **Adjourn**

Staff Report Item 21

TO: Ava Community Energy Authority

FROM: Todd Edmister, Senior Director of Public Policy and Deputy General Counsel
Michael Quiroz, Regulatory Analyst

SUBJECT: Request for Approval of a Compliance Plan for the California Energy Commission's Load Management Standards

DATE: March 20, 2024

Recommendation

California Energy Commission ("CEC") regulations, 20 CCR § 1623.1, *Large POU and Large CCA Requirements for Load Management Standards* ("LMS"), require CCAs to submit LMS compliance plans to their boards *by April 1, 2024*, for *adoption with 60 days* of submittal.

The compliance plan in Attachment A to the accompanying resolution ("Compliance Plan"): (1) describes Ava Community Energy Authority ("Ava") activities to make information on Ava's time-variant rates available to the public and (2) would have Ava participate in dynamic pricing pilots and rates in conjunction with Pacific Gas and Electric Company ("PG&E"). The proposed compliance plan defers adoption of dynamic rates for all customers pending analysis of data from the pilots and initial rates.

- Staff recommends that the Board authorize Ava staff to file a compliance plan largely in the form set forth in Attachment A to the accompanying Resolution, within 60 days.

- Staff further recommends that the Board delegate to staff authority to make changes to the proposed compliance plan prior to filing, so long as consistent with Board direction.

The Board may vote now, or defer a decision on this item to the April meeting. Either will allow Ava to timely submit a compliance plan to the CEC.

Background and Discussion

Since 1974, the California Energy Commission ("CEC") has held the authority to establish and revise load management standards. In general terms, load management standards concern mechanisms for changing energy use in response to system conditions. Load management standards historically covered devices, like smart thermostats, and customer programs, like incentive payments to customers to reduce usage when the electricity grid is stressed.

On April 1, 2023, the CEC amended the LMS. As amended, the LMS now requires large investor owned utilities ("IOUs"), publicly owned utilities ("POUs") and community choice aggregators ("CCAs"; collectively with IOUS and POUs, "LSEs") to adopt: (1) hourly location-based electric rates ("dynamic rates") or load flexibility programs and (2) systems for reporting current and future time-dependent rates.

Every LSE must develop a compliance plan describing how they will meet the various requirements of the LMS on the timeline set forth in the regulation:

> "[W]ithin one year of April 1, 2023, each Large CCA, shall submit a compliance plan that is consistent with this Section 1623.1 to its rate approving body for adoption in a duly noticed public meeting to be held within 60 days after the plan is submitted. The plan shall describe how the Large POU or the Large CCA will meet the goals of encouraging the use of electrical energy at off-peak hours, encouraging the control of daily and seasonal peak loads to improve electric system efficiency and reliability, lessening or delaying the need for new electrical capacity, and reducing fossil fuel consumption and greenhouse gas emissions."[1]

Further, any compliance plan must "evaluate cost effectiveness, equity, technological feasibility, benefits to the grid, and benefits to customers of marginal cost-based rates for each customer class."[2]

[1] 20 CCR § 1623.1(a)(1).
[2] *Id.*

The Compliance Plan here includes the required explanations, as well as considerations of the specified marginal cost-based rate structures and programs described in the LMS and evaluates each with respect to cost-effectiveness, equity, technological feasibility, and benefits to the grid and to customers.

Under the Compliance Plan, Ava will participate in dynamic pricing pilots and rates alongside PG&E, which made a similar proposal in its earlier-filed LMS compliance plan. A list of the dynamic rates and rate pilots in which Ava may participate is provided in Table 4 of the Compliance Plan. There are 6 rates/pilots that PG&E anticipates launching through 2025, in which CCA participation is possible. Of these, for the reasons detailed in the Compliance Plan, Ava staff recommend the Board authorize (but not require) Ava participating in all of the rates/pilots.

Ava will re-evaluate dynamic rates in the next update of this plan with the benefit of additional information from its participation. For now, Ava will defer broader adoption of new dynamic rates or programs. Staff has found that the limited information available on dynamic rates is equivocal on their effects on the above-listed factors. Dynamic rates have not been widely adopted. Where they have been adopted, impacts vary significantly depending on rate or program design (e.g., opt-in v. opt-out), customer class (e.g., residential v. commercial) and, for residential customers, customer income.

Staff cannot conclude that putting in place new rate structures that change at least hourly for *all* customers would result in material peak load reduction or be cost effective relative to Ava's existing time-dependent rates and load flexibility programs. Significant uncertainties exist related to the level of incremental load shift potential, customer response to hourly market prices, customer acceptance and adoption of a complex new rate design with higher risk, the administrative costs of dynamic rate implementation, and potential cost shifts between participants and non-participants.

Fiscal Impact

The proposed compliance plan minimizes LMS compliance costs. Participating in dynamic rates/pilots will entail additional administrative costs for Ava. As noted above, administrative cost recovery is available through CPUC mechanisms in whole or in part for participating in some pilots. While exact costs are as yet undetermined, staff expects that these costs will require no additional funding beyond current authorizations.

Attachments

A. Resolution to Approve a Compliance Plan for the California Energy Commission’s Load Management Standards, including Attachment A Ava Community Energy Load Management Standards Compliance Plan

RESOLUTION NO. R-2024-XX

A RESOLUTION OF THE BOARD OF DIRECTORS

OF THE AVA COMMUNITY ENERGY AUTHORITY TO APPROVE A COMPLIANCE PLAN FOR THE CALIFORNIA ENERGY COMMISSION'S LOAD MANAGEMENT STANDARDS

WHEREAS The Ava Community Energy Authority ("Ava") was formed as a community choice aggregation agency ("CCA") on December 1, 2016, Under the Joint Exercise of Power Act, California Government Code sections 6500 *et seq.,* among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions. The cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of Ava and parties to the JPA in March of 2020. The city of Stockton, located in San Joaquin County was added as a member of Ava and party to the JPA in September of 2022. The city of Lathrop, located in San Joaquin County, was added as a member to Ava and party to the JPA in October of 2023. On October 24, 2023, the Authority legally adopted the name Ava Community Energy Authority, where it had previously used the name East Bay Community Energy Authority since its inception.

WHEREAS The California Energy Commission ("CEC") approved revisions to the Load Management Standards on April 1, 2023 that require large CCAs, investor-owned utilities ("IOUs"), and publicly owned utilities ("POUs") to develop hourly, marginal cost, location-based electric rates ("dynamic rates") and systems for reporting current and future time-dependent rates (see 20 CCR § 1623.1, *Large POU and Large CCA Requirements for Load Management Standards* ("LMS")).

WHEREAS Pursuant to the LMS, "within one year of April 1, 2023, each Large CCA, shall submit a compliance plan that is consistent with this Section 1623.1 to its rate approving body for adoption in a duly noticed public meeting to be held within 60 days after the plan is submitted."

WHEREAS Ava's staff has submitted to Ava's board of directors the Compliance Plan attached hereto as Attachment A, which includes considerations of the specified dynamic rates described in the LMS and evaluates each with respect to cost-effectiveness, equity, technological feasibility, and benefits to the grid and to customers; and

WHEREAS Ava's evaluation of the foregoing has identified significant uncertainties around the effects of dynamic rates; and

WHEREAS to address these uncertainties Ava should participate in dynamic pricing pilots and rates with PG&E, and re-evaluate dynamic rate cost-effectiveness, equity, technological feasibility, and benefits to the grid and to customers with data from the pricing pilots and rates.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF AVA COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The board of directors hereby directs Ava staff to file with the CEC Compliance Plan for the Load Management Standards substantially in the form attached hereto as Attachment A ("Compliance Plan") by the deadline set forth in the LMS.

Section 2. The board of directors authorizes Ava staff to revise the Compliance Plan prior to filing with the CEC, consistent with the guidance in this Resolution.

ADOPTED AND APPROVED this 20th day of March, 2024.

____

Jack Balch, Chair

ATTEST:

____

Adrian Bankhead, Clerk of the Board

Attachment A

Ava Community Energy Authority Load Management Standards Compliance Plan

Ava Community Energy Load Management Standards Compliance Plan

March 20, 2024

1 Executive Summary

Since 1974, the California Energy Commission ("CEC") held the authority to establish and revise the Load Management Standards ("LMS"). On April 1, 2023, the CEC adopted amendments to the LMS, which require all large utilities and community choice aggregators ("CCAs") to provide dynamic electricity rates in a format that can be communicated with smart devices or automation service providers. The updated standards aim to assist customers to take better advantage of time-dependent rates, with the goal of decreasing overall costs by shifting energy use from peak to non-peak time periods. In addition, any technological and behavior changes, resulting from the LMS revisions, may slow the rise of future energy costs, increase grid reliability, reduce the need for building more conventional power plants, and avoid transmission and distribution congestion.

To accomplish these goals, the LMS regulation requires California's Large Investor-Owned Utilities (IOUs), Large Publicly Owned Utilities (POUs), and Large Community Choice Aggregators (CCAs) to develop and propose rate structures that change at least hourly based upon marginal costs. If, after performing an evaluation, a load serving entity determines (LSE) not to propose new rates because offering such rates to its customers would not materially reduce peak load, the LSE must offer cost-effective load flexibility programs, including programs that allow its customers to automatically respond to hourly or sub-hourly marginal cost-based rates, marginal prices, or greenhouse gas (GHG) signals from the CEC-maintained Market Informed Demand Automation Server (MIDAS) database, where the LSE determines such programs would materially reduce peak load.

Each LSE must develop a compliance plan describing how they will meet the various requirements of the LMS regulation. The CCAs and POUs may delay or modify compliance with such requirements if they can show that despite good faith effort, the regulatory requirements must be modified to provide a more technologically feasible, equitable, safe, or cost-effective way to achieve the LMS regulation goals.

Ava strongly supports the intent and goals of the LMS regulation and is working towards similar goals through programs and pilots, which are helping Ava understand how it can most effectively partner with customers with behind-the-meter devices in a way that maximizes the resource and is supportive of the customer experience. Additionally, Ava's 100% Renewable Energy Policy sets a goal of purchasing 100% clean power by 2023.

Ava's compliance plan includes considerations of the specified marginal cost-based rate structures and programs, as described in the LMS Amendments, and evaluates the rate structures and programs with respect to cost-effectiveness, equity, technological feasibility, and benefits to the grid and customers.

Based on this evaluation, Ava cannot conclude that implementing complex new rate structures that change at least hourly by January 1, 2027, would result in material reductions in peak load reduction relative to Ava's existing time-dependent rates, programs, or pilots, or be cost effective. This is, in large part, because s significant uncertainties exist related to the level of incremental load shift potential, customer response to market price risks, customer acceptance and adoption of a complex new rate design, the administrative costs of dynamic rate implementation, and potential cost shifts between participants and non-participants. Ava's existing rates, coupled with current and planned load flexibility programs and pilots, capture a substantial portion of the available load shift benefits from Ava's customers. In addition, implementation of unfamiliar and complex rate structures without sufficient testing and refinement of the new rate designs would likely result in low customer adoption, further limiting realization of any potential added load shift benefits. For similar reasons, Ava's evaluation cannot conclude that implementing new programs that allow for automated response to MIDAS signals would result in incremental reductions in peak load or be cost-effective, relative to Ava's current and planned load flexibility programs and pilots.

In this compliance plan, based on the evaluation of dynamic rates and programs that follow, Ava describes a pathway for achieving LMS goals that is cost-effective, customer oriented, and technologically feasible. Ava will continue to offer time-variant rates that customers are familiar with alongside a robust portfolio of demand flexibility programs. Ava will reevaluate the specified rate and program designs in the next compliance plan update, with the benefit of data from dynamic rate pilots.

Ava's Plan was presented and submitted to Ava's Board of Directors ("Board") within one year of the adoption of LMS amendments on April 1, 2023. The Plan was adopted by the Board in a duly noticed meeting on XX XX, 2024, and this decision was made by Ava's Board acting as its rate-approving body. Ava will review the Plan every three years following adoption, and material Plan updates will be submitted to the Board for approval.

2 Introduction

About Ava

Ava Community Energy Authority ("Ava"; formerly known as "East Bay Community Energy Authority" or "EBCE") is a public agency located within Alameda County, formed for the purpose of implementing a community choice aggregation program ("CCA"). At the time of initial service commencement, the Member Agencies of Ava included the cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Oakland, Piedmont, San Leandro, and Union City located within the County of Alameda ("County") as well as the unincorporated areas of the County itself (together, the "Members" or "Member Agencies"). The Members elected to allow Ava to provide electric generation service within their respective jurisdictions. In anticipation of CCA program implementation and in compliance with state law, Ava submitted its Implementation Plan to the California Public Utilities Commission ("CPUC" or "Commission") on August 10, 2017, and it was subsequently certified by the CPUC on November 8, 2017.

Ava launched the Program on June 1, 2018, and has been serving customers since that time.

On December 20, 2019, Ava submitted its Addendum 1 to Ava's Implementation Plan ("Addendum No. 1") to the CPUC to address Ava expansion to the cities of Pleasanton, Newark, and Tracy. Addendum No. 1 was subsequently certified by the CPUC on March 9, 2020. Eligible electricity accounts in those jurisdictions have been successfully receiving service from Ava since April of 2021.

On December 8, 2022, Ava submitted its Addendum 2 to Ava's Implementation Plan ("Addendum No. 2") to the CPUC to address Ava expansion to the City of Stockton. Addendum No. 2 was subsequently certified by the CPUC on March 8, 2023. Eligible electricity accounts in those jurisdictions are currently preparing to begin service with Ava after January 2025, per CPUC Resolution E-5258.

On September 28, 2023, Ava submitted its Addendum 3 to Ava's Implementation Plan ("Addendum No. 2") to the CPUC to address Ava expansion to the City of Stockton. Addendum No. 2 was subsequently certified by the CPUC on December 18, 2023. Eligible electricity accounts in those jurisdictions are currently preparing to begin service with Ava after January 2025.

The Program now provides electric generation service to approximately 640,000 residential and commercial accounts. With the enrollment of the City of Stockton, Ava expects to provide service to approximately 111,700 additional accounts, and another 7,300 additional accounts with the enrollment of the City of Lathrop. As such, Ava anticipates providing service to approximately 760,000 accounts in total beginning in 2025. Energy consumption in 2025 is forecast to be 8,765 GWh. Capacity requirements in 2025 are forecast to be 2,617 MW.

2.1 Ava's 100 Percent Renewable Energy Policy

Currently, Ava offers its customers two different product choices: (1) Bright Choice, which offers a fixed percentage savings relative to PG&E's generation rates with renewable and carbon-free content set to meet an annual target enroute to a 100% carbon-free objective in 2030; and (2) Renewable 100, which offers a 100% renewable electricity mix at a small fixed per-kWh premium relative to PG&E's generation.

Ava will provide much of its electricity from renewable sources such as solar, wind and small hydroelectricity—which do not pollute or produce greenhouse gases. Switching from conventional energy sources to renewable energy is the single most effective way to accomplish its communities' climate action goals. Ava's Board of Directors established the goal of purchasing 100% clean power by 2030 — a full 15 years before the state's goal date.

2.2 Load Management Standards

The central focus of the CEC's LMS Rulemaking is to encourage customers to shift electricity use from peak times of day when it is expensive and polluting to cheaper and cleaner off-peak times of the day. According to the Public Resources Code, section 25132, load management is defined as "any utility program or activity that is intended to reshape deliberately a utility's load duration curve." Load management reduces the need for new electrical generation and backup generation, thus lowering customer energy costs, and is a key strategy to ensure grid reliability and resilience, distributed energy resources integration, and GHG emissions reduction.

The CEC adopted 20 CCR § 1623.1 (the "LMS amendments") through a rulemaking on April 1, 2023. The LMS Amendments require publicly- and investor-owned utilities and Large CCAs to offer customers access to rate structures and programs that provide the information needed to manage and optimize their energy use. Specifically, the revisions require development of marginal cost-based rates or load flexibility programs.

The LMS Amendments define marginal cost as "the change in current and future electric system cost that is caused by a change in electricity supply and demand during a specified time interval at a specified location."[1] Total marginal cost is calculated as "the sum of the marginal energy cost, the marginal capacity cost (generation, transmission, and distribution), and any other appropriate time and location dependent marginal costs, including the locational marginal cost of associated greenhouse gas emissions, on a time interval of no more than one hour."

In this Plan, Ava uses the term dynamic rates to refer to rates that reflect generation marginal cost signals on an hourly or sub-hourly basis. As a CCA, Ava is authorized and responsible for setting and recovering only the generation cost components for each applicable electric rate. Pacific Gas and Electric ("PG&E"), the investor-owned utility for Ava's service territory, is responsible for setting distribution, transmission, and any other non-generation cost components for each rate.

2.2.1 Ava's Compliance Roadmap

Adopted LMS amendments section 1623.1(c) requires Ava, along with the other load serving entities, to develop and submit a compliance plan in response to meeting the revised LMS requirements. The following table is a roadmap identifying where each regulatory requirement, along with the due date, is addressed within Ava's compliance plan.

LMS Section	Regulatory Requirement	Due Date	Plan Section
§1623.1(c)	Within three months of regulation effective date, 4/1/2023, upload existing time-dependent rates to the MIDAS database.[2]	8/1/2023	3.1.1

[1] Energy cost computations shall reflect locational marginal cost pricing as determined by the associated balancing authority, such as the Los Angeles Department of Water and Power, the Balancing Authority of Northern California, or other balancing authority. Marginal capacity cost computations shall reflect the variations in the probability and value of system reliability of each component (generation, transmission, and distribution). 20 CCR 1623.1(b)(1).

[2] On June 1, 2023, the CEC issued Order No. 23-0531-10 in response to a request for extension from the IOUs and

§1623.1(a)(1)	Within one year of regulation effective date, develop and submit compliance plan addressing how Ava plans to comply with LMS requirements, including evaluation of marginal cost-based rates and programs, to Ava's Board. The plan must be considered for adoption within 60 days after submission.	4/1/2024	2.3.2.1
§1623.1(a)(3)(A)	Submit compliance plan to the Executive Director on the CEC within 30 days of adoption of the plan. Respond to requests for additional information and/or recommendations within 90 days.	6/1/2024	2.3.2.2
§1623(c)(4)	Within one year of regulation effective date, provide customers access to their Rate Identification Numbers ("RIN") on billing statements and in online accounts using both text and QR.	4/1/2024	3.2
§1623(c)(2)	Within 18 months of regulation effective date, develop and submit to the CEC, in conjunction with the other obligated utilities, a single statewide standard tool for authorized rate data access by third parties, and the terms and conditions for using the tool. Upon CEC approval, maintain and implement the tool.	10/1/2024	3.3
§1623.1(b)(3)	Within 18 months of regulation effective date, submit to the CEC Executive Director a list of load flexibility programs deemed cost effective by Ava. The portfolio of programs must provide at least one option to automate response to MIDAS signals for each customer class where Ava's Board has determined such a program would materially reduce peak demand.	10/1/2024	5.2.5.1
§1623.1(a)(3)(C)	Submit annual reports to the CEC Executive Director demonstrating implementation of plan, as approved by Ava's Board.	Every year, starting on 4/1/2025	2.3.2.4
§1623.1(b)(2)	Within 27 months of the regulation effective date, submit at least one marginal cost-based rate to Ava's Board for approval for any customer class(es) where such a rate will materially reduce peak load.	7/1/2025	4.3.5
§1623.1(b)(4)	Within 51 months of the regulation effective date, offer customers voluntary participation in either a marginal cost-based rate, if approved by Ava's Board, or a cost-effective load flexibility program.	7/1/2027	4.3.5 and 5.2.5.2
§1623.1(b)(5)	Conduct a public information program to inform and educate affected customers why marginal cost-based	Ongoing, dependent	6.2

Large CCAs. The Order approved an extension for CCAs to upload time-dependent generation rates by August 1, 2023, and remaining time-depending rates with rate modifiers by October 1, 2023.

	rates or load flexibility programs and automation are needed, how they will be used, and how these rates and programs can save customers money.	on offerings	
§1623.1(a)(1)(C)	Review the plan at least once every 3 years after the plan is adopted and submit a plan update to the Board if there is a material change.	Every 3 years	2.3.2.3

2.2.2 Ava's Compliance Plan Administration

2.2.2.1 Plan Development and Board Approval Process

Adopted LMS amendments section 1623.1(a) requires each Large CCA to submit a compliance plan consistent with the applicable requirements of the LMS, as well as actions taken to meet those requirements to its rate-approving body. The compliance plan must be submitted within one year of the regulation effective date, or by April 1, 2024, and must be considered for adoption by the rate approving body in a duly noticed public meeting within 60 days of submission.

This Plan meets the requirements of section 1623.1(a). The Plan was submitted to the Board prior to April 1, 2024, and presented to Ava's Board at a duly noticed meeting on XX XX, 2024. Ava's Board approved this Plan. The description of how Ava complies with each element of the regulatory requirements of the LMS amendments is provided in the subsequent sections of this Plan.

2.2.2.2 CEC Review process

Adopted LMS amendments section 1623.1(a)(3) specifies that, upon adoption by the Large CCA rate approving-body, the plan must be submitted to the CEC Executive Director within 30 days for review. Ava's Board is the sole authority to approve rates and in this regulatory proceeding, the CEC's role is limited to determining whether this adopted Plan complies with the regulation.

Following the Plan's presentation and adoption by Ava's Board on March 20, 2024, the Plan will be submitted to the CEC by April 1, 2024 for review. Any requests for additional information or recommended changes will be addressed, and a written response submitted to the CEC within 90 days as required in the regulation.

2.2.2.3 Triennial Plan Review

Adopted LMS amendments section 1623.1(a)(1)(C) requires each Large CCA to review its compliance plan at least once every three years. The CCA must submit a plan update to its rate-approving body where there is a material change to the factors considered in evaluating marginal cost-based rates and programs. Material revisions to the plan shall follow the same process as the initial plan approval.

This Plan will be reviewed by Ava every three years following the date of adoption and material updates will be submitted to Ava's Board for approval. Subsequently, this Plan and any approved material updates will be duly submitted to the CEC.

2.2.2.4 Annual Reporting

Adopted LMS amendments section 1623.1(a)(3)(C) requires each Large CCA to submit to demonstrate implementation of its LMS compliance plan through a submission to the CEC Executive Director. Each Large CCA must submit the initial report one year after adoption of the plan by the CCA's rate-approving body, and annually thereafter. Ava will submit annual reports to the CEC Executive Director describing the implementation of this Plan.

3 Access to Price Signals

3.1 Upload of time Dependent Rates

Section 1623.1(c) of the LMS Amendments requires each Large CCA to "upload its existing time dependent rates applicable to its customers to the Commission's Market Informed Demand Automation Server (MIDAS) database" within three months of the regulation effective date, or by July 1, 2023. On June 1, 2023, the CEC issued Order No. 23-0531-109 in response to a request for extension from the IOUs and Large CCAs. The Order approved an extension for CCAs to upload time-dependent generation rates by August 1, 2023, and remaining rate modifiers by October 1, 2023. Each uploaded rate is associated with a RIN, which is used to uniquely identify each permutation of rate and rate modifier. The MIDAS database will provide information about the rate and any associated marginal signals to which the customer may automate response for each associated RIN. Large CCAs are also required to upload any new time-dependent rates or changes to existing rates prior to the effective date. All uploaded time-dependent rates must include all applicable time dependent cost components.

3.1.1 Existing rates uploaded to MIDAS

On July 25, 2023, Ava completed the upload of all its base rates to MIDAS, totaling 102 RINs. A message confirming successful upload was returned for each rate file loaded to MIDAS. Ava sent an email to CEC staff confirming successful MIDAS upload on July 31, 2023, and received acknowledgement from the CEC's MIDAS Lead the same day.

On October 1, 2023, Ava uploaded all remaining rate modifiers, such as PCIA vintage, associated with current time dependent rates. Ava notified CEC staff of the successful upload on October 1, 2023, and provided a spreadsheet tying RINs to rate modifier combinations upon request.

3.1.2 New and updated rate uploads

As discussed in2.1 section 2.2, Ava's rates mirror PG&E's, with a 5% discount or ¼ cent per kWh premium being applied depending on whether a customer takes service on Bright Choice or Renewable 100, respectively. As such, Ava rates change with every PG&E rate change, and new MIDAS uploads are required to account for these updates. For example, On Jan 25, 2023, Ava re-uploaded its rates to MIDAS to reflect PG&E's Annual Electric True-Up (AET.) Going forward, Ava will continue to re-upload rates as needed. Ava will also upload new rates as new time-dependent rates or rate components are developed. Ava will follow a similar process to the successful existing rate uploads in 2023 and 2024. Ava will continue uploading all its rates per the API parameters established by the MIDAS API Process.

3.2 Providing RINs to Customers

Adopted LMS amendments section 1623(c)(4) requires each Large CCA to provide customers access to their RIN(s) on customer billing statements and online accounts using both text and quick response ("QR") or similar machine-readable digital code. This access must be provided within one year of the regulation effective date, or by April 1, 2024.

Ava creates RINs based on rate schedule, product (Bright Choice or Renewable 100), and PCIA vintage. Ava provides a mapping of rates to RINs to SMUD, who will then apply the correct RIN to each eligible customer's bill. RINs are provided to PG&E via the EDI 810 transaction, and PG&E then converts the RIN to a QR code. The QR code will provide the RIN when scanned.

Given that PG&E acts as the billing agent for Ava, the design, placement, and input for RINs on the bill by Ava is restricted. Nevertheless, Ava is collaborating with PG&E and SMUD to furnish RINs and customer information, facilitating their inclusion in the billing statement. Ava customers will see two RINs, one for the CCA-associated component(s) of their bill pertinent to their generation rates and another for the PG&E-associated component(s) of their bill related to transmission and distribution rates. There may be multiple RINs for customers with group bills and corrected billing.

3.3 Single Statewide RIN Access Tool

The LMS Amendments require Large IOUs, POUs, and CCAs to develop a Single Statewide Tool ("Statewide Tool") that would enable third parties to:

- Obtain RINs for individual customers
- Provide average or annual bill estimates for eligible rates if the large IOU, POU, or CCA has an existing rate calculation tool
- Switch customers to other rates for which a customer is eligible

The Statewide Tool must incorporate reasonable and applicable cybersecurity measures, minimize enrollment barriers, and be accessible in a digital, machine-readable format. The Large IOUs, POUs, and CCAs must submit specifications for the tool's development for adoption at a CEC Business Meeting by October 2024, and then implement and maintain the statewide tool thereafter.

3.3.1 Resource commitment and implementation

Ava has been actively engaged in the development of the Statewide Tool. Ava attended the first Statewide Tool meeting on September 20, 2023; represented CCAs at the Commissioner Workshop on Load Management Standards Implementation on January 17, 2024; and plans to continue participating in working group meetings with the regulated parties to help define and plan for the Statewide Tool specifications.

Ava's internal infrastructure will likely need to be updated to integrate with and support the tool. Ava has committed members of its Technology & Analytics and Public Policy teams to support the tool planning process but is unable to identify the full scope of integration work until the final tool specifications are approved. A more comprehensive review of infrastructure and staff needs will be conducted as the tool takes shape.

As a CCA, Ava does not earn a rate of return on its infrastructure investments. Any costs incurred by Ava associated with developing the Statewide Tool would be spread among all Ava customers. A specific funding mechanism for tool development and operation has yet to be determined by the working group.

3.3.2 Statewide tool considerations

The development of the Statewide Tool will continue to require significant attention from all parties to ensure its effectiveness. Ava urges the Commission to convene further working groups or workshops with stakeholders to encourage collaboration. The following subject areas could be addressed during working groups/workshops:

- How the Statewide Tool will integrate with MIDAS and the price machine being considered by the CPUC for integration of dynamic rates

- Barriers and/or or open questions regarding the Statewide Tool's rate comparison and change features, including:
    - How to address different LSE's treatment of rate modifiers in MIDAS
    - How to integrate existing rate change processes and comparison tools
- Cybersecurity measures and the treatment of personally identifiable information
- Cost recovery for tool development, operation, and maintenance
- Processes for vendor selection for tool development, operation, and maintenance
- How to ensure a seamless customer experience for both unbundled and bundled customers

4 Dynamic Rates

Overview of Current Time-Dependent Rates

Ava's portfolio of time-dependent rates includes at least one time-dependent rate for nearly every customer class. Ava has five customer classes: residential, small and medium business, large commercial and industrial, agriculture, and lighting. Apart from street lighting and unmetered customers, all customers have access to Time-of-Use ("TOU") rates and 72% of Ava customers, as defined by a meter, are on TOU rates. 97.5% of customers not on TOU rates are on E1. Please see the following table for details on Ava's rates by customer class and the percentage of customers in that customer class on TOU rates.

Table 1 Ava's Current Rates

Customer Class	Available TOU Rates[3]	Available Non-TOU Rates	% on TOU Rates
Residential	• E-6 • EM-TOU • E-TOU-B • E-TOU-C • E-TOU-D • EV2-A • EVA • EVB • E-ELEC	• E-1	
Small and medium business	• A-1X • A-10PX • A-10SX • A-10TX • A-6 • B-1 • B1-ST • B-6 • B-10P • B-10S • B-10T	• A-1 • A-10P • A-10S • A-10T • A-15	
Large commercial and industrial	• B-19P • B-19PR • B-19PS • B-19S • B-19SR • B-19SS • B-19SV • B-19T • B-19TR		

[3] Ava has additional rate variants including legacy grandfathered rates, rates that vary with demand. CARE service is available on Schedules E-1, E-6, E-TOU-B, E-TOU-C, E-TOU-D, EV2, E-ELEC, and EM-TOU.

	• B-19TS • B-20P • B-20PR • B-20PS • B-20S • B-20SR • B-20SS • B-20T • B-20TR • B-20TS • BEV-1 • BEV-2P • BEV-2S • E-19P • E-19PR • E-19S • E-19SR • E-19T • E-19TR • E-20P • E-20PR • E-20S • E-20SR • E-20T • E-20TR • E-37S		
Agriculture	• AG-A1 • AG-A2 • AG-B • AG-C • AG-4A • AG-4B • AG-4C • AG-5A • AG-5B • AG-5C • AG-5D • AG-FA • AG-FB • AG-FC • AG-RA • AG-RB	• AG-1A • AG-1B •	

	• AG-VA • AG-VB		
Lighting		• LS-1 • LS-2 • LS-3 • TC-1	

4.1.1 Residential Rates

Ava's E-TOU-C is the standard rate for residential customers. Residential customers pay different rates depending on the season and time of use period, summarized in the table below. These time periods align with Ava's highest peak loads and marginal electricity prices, while also being simple and easy for customers to understand.

Table 2 E-TOU-C Time-Of-Use Periods

Time-Of-Use Periods	**Hours**
On-Peak	4 – 9 pm every day
Off-Peak	All other times

Ava's other TOU rates provide options for customers in terms of difference in peak and off-peak periods to shift energy use. In May 2021, residential Alameda County customers were transitioned from the flat E-1 rate to TOU-C. Tracy customers were transitioned in April 2022. Ava provided bill protection credits to customers who fared worse on E-TOUC than they would have on E-1. Only 18,755 (~9%) Ava customers received credit; the vast majority of customers financially benefited from switching to E-TOUC.

Ava's EV2-A is the standard rate for residential customers that charge their EVs at home. This rate encourages customers to charge their EVs during off-peak times when energy is abundant and energy prices are low.

4.1.2 Non-Residential Rates

Ava's B-1 is the standard rate for small and medium commercial customers. Ava's B-19S is the standard rate for medium/large commercial customers. Ava's AG-A1 is the standard rate for agriculture customers. All these rates are similar in concept to residential TOU rates, except there are additional demand charges. Non-residential customers have been offered TOU rates for a much longer period than residential customers. Non-residential customers were required to transition to updated TOU rates that align with today's energy availability in March 2021.

4.2 Ava's Rate Development Process

Community Choice Aggregators (CCAs) governing boards have jurisdictional control over rate setting on behalf of their customers. Public Utilities Code Section 366.2(c)(3) provides that that CCAs retain jurisdiction for setting rates for the electricity they purchase on behalf of their communities. This local control empowers CCAs to tailor energy programs, determine pricing structures, and prioritize renewable energy sources according to the preferences and goals of the communities they serve.

4.2.1 Rate Review and Setting Process

Ava staff must receive Board approval to revise the service level value propositions (e.g. offering a greater or lesser discount on Bright Choice.) The rate review and setting process is as follows:

1. *Executive Committee meeting*. Staff will provide a staff report containing analysis of PG&E rates and preliminary recommendations for changes to EBCE's value proposition, if any.
2. *Community workshops.* Based on feedback received at the Executive Committee meeting, staff will revise analysis if needed, and solicit comments from the community. This will be achieved through three (3) community meetings in geographically diverse locations. Staff will consolidate feedback from these meetings into a supporting document that will be presented to the Board. Written comments will be accepted in lieu of, or in addition to, verbal comments made during these workshops. A specific email address will be provided to the public to submit comments, along with a clear deadline for submittal.
3. *Community Advisory Committee (CAC) meeting.* The CAC will receive a presentation from staff and discuss the staff recommendation.
4. *Board meeting.* Staff will present analysis, findings, and recommendations derived from feedback from an Executive Committee meeting, Community Workshops, and a Community Advisory Committee meeting. The Board will have the opportunity to vote on staff recommendations. If the Board requests further analysis, the process will return to the Executive Committee. The Executive Committee can then make a final recommendation that will be brought to the next Board meeting.

4.2.2 Ava Value Proposition

Ava Staff is authorized to adjust Ava's rates to maintain the approved value proposition for each service level. If there are changes to PG&E generation rates or fees that result in a more beneficial value proposition for customers, Ava Staff is authorized to not adjust the rates. The following table demonstrates Ava's value proposition over time:

Table 3 Ava Value Proposition Over Time

Product	June 2018	July 2020	January 2022	July 2022	July 2023 (Current)
Bright Choice	1.5% below PG&E	1% below PG&E		3% below PG&E	5% below PG&E
Renewable 100	1 ¢ per kWh above PG&E			¾ ¢ per kWh above PG&E	¼ ¢ per kWh above PG&E
Brilliant 100	Parity to PG&E	Closed as opt-up option	Discontinued for all customers		

Rate Implementation

Aligned with objectives of Ava's value proposition, to ensure that any new rate will be successful, cost effective, and beneficial to its customers, Ava may engage in the following proactive measures:

- Conducting pilots to determine the effectiveness of different rate options and reception by customers.

- Developing and implementing iterative outreach and education campaigns.
- Developing and implementing new education tools, such as rate comparison tools and reports.

After rate implementation, Ava would be committed to monitoring the rate's effectiveness with respect to shifting peak load and customer feedback.

4.3 Evaluation of New Dynamic Rates

Consistent with the LMS Amendments,[4] the following section of the Plan evaluates the cost-effectiveness, equity, technological feasibility, and benefits of dynamic rates for each customer class. This Plan provides that new dynamic rates would be implemented on the schedule specified in the LMS Amendments, which includes applying for Board approval of at least one dynamic rate by July 1, 2025, and offering voluntary participation in dynamic rates to all customers by July 1, 2027, where such a rate is determined to materially reduce peak load cost effectively.

Ava does not currently have sufficient information to conclude that proposing and implementing dynamic rates would be cost effective or provide benefits to Ava customers. Significant uncertainties exist related to the level of incremental load shift potential, customer response to market price risks, customer acceptance and adoption of a complex new rate design, the administrative costs of dynamic rate implementation, and potential cost shifts between participants and non-participants.

To address these uncertainties, Ava is considering participating in dynamic pricing pilots and rates with PG&E.[5] See **Table 4** below for a breakdown of the pilots and rates Ava is considering. These pilots and rates are not yet finalized by PG&E. Ava will make a final decision on participation when pilot and rates are in their final form. Ava will re-evaluate the proposal of dynamic rates in the next update of this plan with the benefit of additional information from pilots.

[4] 'The plan must evaluate cost effectiveness, equity, technological feasibility, benefits to the grid, and benefits to customers of marginal cost-based rates for each customer class." 20 CCR 1623.1(a)(1)(A).

[5] Participation is subject to Board approval. Ava staff plan to bring participation to the Board for voting in April 2024.

Table 4 Dynamic Rates and Rate Pilots

	DAHRTP BEV	DAHRTP Export	DAHRTP Com/Res	Vehicle-Grid Integration	Expanded Pilot 1	Expanded Pilot 2
Type	Rate	Pilot	Pilot	Pilot	Pilot	Pilot
Eligibility	BEV	Non-Nem BEV	B-20, B- 19, B-6, E-ELEC	EV2-A, E-ELEC, B6, B10, B19, B20	AG-A1, AG-B, AG-C	B-6, B-10, B-19, B-20, E-ELEC, EV2-A
Regulatory Authorization	D.21-11-017	D.22-10-024	D.22-08-022	Resolution E-5192	D.24-01-032	D.24-01-032
Targeted start date	Feb 28 2025	Feb 28 2025	Feb 28 2025	Sept 2024	June 2024	June 2024
Generation Import	MEC, MGCC, RNA	MEC, MGCC, RNA	MEC, MGCC, RNA	MEC, MGCC	MEC, MGCC	MEC, MGCC
Generation Export	None	MEC, MGCC	None	MEC, MGCC	None	None
Distribution	Same as OAT	See DAHRTP BEV	Same as OAT	Primary distribution capacity costs	Hourly dynamic delivery capacity charges. Line losses recovered through volumetric rates.	Hourly dynamic delivery capacity charges. Line losses recovered through volumetric rates.
Transmission	Same as OAT	See DAHRTP BEV	Same as OAT	Same as OAT		
Demand charges	Monthly subscription charges	See DAHRTP BEV	Same as OAT	Same as OAT		

4.3.1 Cost-Effectiveness

The first evaluation factor specified in section 1623.1(a)(1)(A) is cost effectiveness. Ava does not currently have data to undertake, much less support, a finding that dynamic rates are cost-effective. Ava will conduct an analysis of the estimated costs and benefits to Ava and its customers once results from the rates and pilots in **Table 4** are available, including reviewing results from other Load Serving Entities across the State. Furthermore, the LMS Amendments do not specify which cost effectiveness test (e.g. participant cost test, total resource cost test, societal cost test, etc.) should be used, nor do they provide clarity on what costs or benefits should be considered. Pending receipt of data from the above-listed pilots, and in the absence of any methodological guidance from the LMS Amendments, Ava can provide only a qualitative discussion of cost-effectiveness considerations, including estimated costs and potential benefits.

4.3.1.1 Estimated Costs

Significant investment in planning, customer education and marketing, and technology development is required to implement new rates for all customer classes, particularly rates that are far more complex than those currently available. Ava has identified the following cost categories associated with implementing dynamic rates:

- *Rate design costs* would include the costs of initial market research, implementing pilots to test rate options, and analyzing the results of those pilots to refine the final design. Once pilots are complete and evaluation data is analyzed, the final rate recommendation needs to be designed.

- *Setup costs* include coordinating with external vendors and PG&E on Information Technology system updates to enable settlement over new intervals, data integration, updating the bill presentment to reflect these intervals, and developing new or updating existing customer tools. Having tools available for customers to self-service and monitor their costs and usage will be important for success with hourly rates.

- *Recruitment and retention costs* include marketing and enrollment costs. Ava anticipates spending significant time educating customers through an extensive, phased marketing campaign and targeted outreach in a variety of languages. This effort will only be successful if significant time and funds are invested. Shifting to complex hourly rates while maintaining a positive customer experience – which is key for adoption and longer-term retention of the rate – will require informing and educating customers to, at a minimum, understand and monitor hourly rates, energy market dynamics, pricing, and temperature trends that may significantly impact their bills.

Ava anticipates the above costs to make a dynamic rate available are fixed and do not vary by load, electricity usage, or enrollment level. While Ava does not currently have pilot results to inform implementation costs, Ava estimates significant resources to develop, implement, and maintain hourly rates for customers will be required. Depending on the scope of the costs, implementing complex new rates may necessitate a rate increase for all customers to bring in additional revenue.

Potential Benefits to Ava

This section of the Plan describes the potential benefits associated with implementing new dynamic rates and the estimated realization of incremental benefits based on design effectiveness, adoption levels, and additional load shift capacity available to be captured.

4.3.1.1.1 Potential Benefits

Ava has identified the primary potential benefits to Ava as being avoided costs. More specifically the following:

- Avoided capacity costs, resulting from a reduction for new capacity additions or resource adequacy procurement.

- Avoided energy costs, resulting from shifting demand from higher-cost periods to lower-cost periods.

Secondary benefits can also flow from the realization of avoided capacity and energy procurement needs. For example, to the extent that load shifting reduces the need for new capacity and wholesale energy purchases during peak periods, these reductions can also contribute to the following:

- Avoided transmission and distribution in the form of reduced need for capital investments to deliver energy during peak periods.

- Avoided GHG compliance costs associated with a reduction in generating or purchasing energy from fossil -fueled resources that may otherwise be needed to serve load during peak periods.

- Improved air quality, public health, and environmental outcomes associated with a reduction in operations of fossil-fueled resources. While these benefits do not accrue directly to Ava, they provide value on a societal basis.

It is important to note that because dynamic rates are designed to only recover the marginal cost of service at a given time, any potential cost savings would be entirely passed through to participating customers. For example, any reductions in Ava's generation and capacity procurement costs resulting from customers shifting their load to hours with lower marginal energy or capacity costs would be accompanied by an equal reduction in the revenue recovered from those customers during those hours relative to existing tariffs.

4.3.1.1.2 Realization of Benefits

As a retail electric service provider and a CCA, Ava anticipates that the greatest potential direct benefits would be derived from avoided capacity and energy procurement costs. However, the realization of any of the above-identified benefits from new dynamic rates is highly dependent on the following several factors:

- The effectiveness of the rate design in shifting customer usage patterns.
- The operational value of the load shift.
- The adoption levels of the new rates.
- The customer experience on the new rate.

In addition, with respect to avoided GHG compliance costs and improved air quality, public health, and environmental outcomes, the realization of benefits also depends on the relative utilization of fossil-fueled resources to serve peak load versus periods of lower demand. A discussion of each factor's expected effect on the benefits attributable to developing new dynamic rates is detailed in the next section of the Plan.

4.3.1.1.2.1 Estimated Design Effectiveness

Effective rate design is necessary to achieve predictable load shift during the most valuable peak hours of the day. The risk of not having sufficient generation, which spurs the need for new capacity additions or resource adequacy procurement, is typically concentrated in a small number of peak hours each year when serving peak load is most challenging. Accordingly, to realize any avoided capacity benefits, it is vitally important that a new rate design can achieve consistent and meaningful load reductions during those peak hours. Reducing capacity and energy procurement during peak periods relies on consistent shift in demand patterns.

Time to develop and test the effectiveness of rate design options will be especially important when shifting to a complex new rate structure that could include several price signal changes within a peak period or even within an hour. If customers do not understand the signals or the time periods during which they are provided, their response may not be predictable, leading to reduced efficacy and potentially adverse bill impacts. Ava's ideal dynamic rate development process would include market research, testing the effectiveness of different rate options through pilots, analyzing the results, and considering refinements before proposing a rate. Completing these steps helps to ensure that the rate sends the right signals and takes into consideration customers' willingness to respond either directly or via automated technologies/devices while fully recognizing that the process can take significant time and resources.

The LMS Amendments direct Large CCAs to propose new dynamic rates for every customer class to the Board by July 1, 2025. That timeline does not provide sufficient time for Ava to gain results from the dynamic rates and rate pilots, review results from other Large CCAs, test responses to different rate options, and analyze the results, and design a rate for even one rate class. In addition, the dynamic rate pilots have been delayed and results of those studies may not be available before July 1, 2025. Without the results from pilots, Ava cannot conclude that a complex new rate design would result in any incremental, dependable load shift or ensure a positive customer experience for any of its customers.

4.3.1.1.2.2 Estimated Adoption Level

The estimated adoption level of new hourly dynamic rates directly impacts the value of load shift benefits. Based on available information, Ava anticipates that dynamic rates rolled out to customers by July 1, 2027, would likely have low adoption and retention levels. Ava's assumption is based on several key factors and studies, including the uncertainty in bill impacts from complex new rate structures, the time needed to educate customers to promote a positive experience, and the cost and limited accessibility of enabling behind-the-meter automation technology.

- Bill savings are a significant driver for customer rate adoption. The predictability of bill impacts gives customers the assurance of how they can leverage a rate to see bill savings. With dynamic rates, customers take on additional risk of price fluctuations, which may not be sustainable in the long term.
- One method of mitigating the uncertainty of bill impacts from new dynamic rates is to fully educate and inform customers. Ava is dedicated to a culture of delivering the best possible customer experience when transitioning customers from one rate structure to another or when offering optional rates. Limited time to engage and educate customers on new complex hourly rates, and the potential benefits and risks associated with participation, may lead to confusion about bill impacts and low uptake. Customer experience is a priority for Ava, so negative experiences may have an unintended negative impact to the brand and act as a deterrence on current and future initiatives.
- Realizing the benefits of dynamic rates is dependent on customers' ability to access and adopt enabling technology. There are challenges and uncertainties associated with utilizing these devices for grid services, as further discussed in Section 5.2.1.2.2. Ava expects that limited adoption of the needed technology would translate to limited benefits from dynamic rates, but accessibility of customer-owned automated devices that allow for response to hourly or sub-hourly signals is a near-term constraint.

Research conducted by PG&E on dynamic pricing shows that residential customers have a strong preference for TOU rates over dynamic pricing, and that customers who understand dynamic pricing better are not necessarily more likely to adopt dynamic pricing. PG&E also found that most surveyed large commercial and industrial customers prefer TOU and peak day pricing over dynamic rates.[6]

4.3.1.1.2.3 Estimated Incremental Load Shift Capability

The primary potential benefits of dynamic rates are based on reducing peak load and associated avoided wholesale energy costs, which may carry additional benefits associated with reduced transmission and distribution costs, reduced GHG compliance costs, and improved air quality, public health, and environmental outcomes. Ava's existing time-dependent rates and existing and planned load flexibility programs are designed to capture these same benefits and to create a customer-centric experience, which is simple and easy-to-understand and have been supported with extensive customer outreach and education. Any incremental benefits associated with implementing dynamic rates rely on achieving incremental load shift relative to Ava's existing rates and planned new programs. The following summarizes the current load shift capability of Ava's existing rates and planned new programs and potential incremental load shift opportunities.

- Ava's TOU rate structures mirror PG&E's rates and were designed to shift peak time periods energy use to off peak periods, thus reducing grid stress and resulting in financial benefits from combined energy and capacity savings.
- Ava has a collection of existing and planned load flexibility and demand response programs that assist customers in optimizing DERs to reduce consumption during peak times. These programs complement Ava's existing TOU rate structure and provide additional load shift benefit. Ava's programs and pilots are discussed further in Section 5.1.
- Ava does not yet have pilot data to evaluate more complex dynamic rate options in which hourly market price risk is passed directly to the customers. Without the benefit of pilot results and given the inherent complexity of new dynamic rates coupled with the risk of adverse bill impacts, and the existence of more customer-friendly TOU rates and planned new programs, Ava cannot conclude that such dynamic rates would likely result in incremental load shift benefits.

4.3.1.2 Discussion

Based on the evaluation of available information, Ava cannot conclude that implementing dynamic rates for any customer class would be cost-effective. There are significant uncertainties both in the magnitude of value that can be captured and Ava's ability to realize the value based on design efficacy, how customers would react to hourly market risks, and expected adoption levels. According to the whitepaper, *Time-Varying and Dynamic Rate Design*, authored by the Regulatory Assistance Project ("RAP") and the Brattle Group,[7] real-time/dynamic pricing presents high rewards but also high risks. A 2004 Lawrence Berkley National Laboratory whitepaper concludes that most dynamic rate programs in the early 2000s, implemented across the country, did not achieve significant level of participation. Another takeaway from

[6] PG&E presented this research at supplementary working groups in the CPUC's Demand Flexibility proceeding. Slides summarizing these results were made available to stakeholders participating in the Demand Flexibility proceeding.
[7] *Time-Varying and Dynamic Rate Design*, RAP and the Brattle Group, July 2012, page 17.

the survey is that although many customers on dynamic rates are price responsive, a substantial fraction are not.[8]

Significant changes are occurring in the rate and program landscape, including a shift to battery energy storage systems, implementation of the net billing tariff, the adoption of an income-graduated fixed charge, and the implementation of programs that incentivize customers to reduce demand during emergency events, such as the Emergency Load Reduction Program and critical peak pricing. The combination of multiple concurrent rate variables can make evaluating dynamic rate and demand flexibility difficult. Isolating and quantifying the benefits of just dynamic rates becomes a challenge, and these overlapping efforts complicate signaling a customer to change energy use behavior and may increase development costs. For example, introducing fixed charges, such as the income-graduated fix charge, dilutes the hourly variability that dynamic rates are trying to reflect.

Until pilot results provide data with which to perform a comprehensive analysis, Ava cannot readily ascertain rate development costs, estimated customer benefits, or whether those benefits would be likely to offset costs. Ava will continue to gather information to inform evaluation of future rate and program designs. As data becomes available from pilots, Ava anticipates exploring cost-effectiveness analyses and/or quantifying the estimates provided in this section of the Plan.

4.3.2 Equity

The second criterion by which to evaluate dynamic rates is equity. Without pilot study data to support quantifying load shift and bill impacts for different customer groups, Ava will discuss qualitative equity considerations stemming from dynamic rates.

The ability to directly benefit from a dynamic rate depends on several factors, such as access to enabling technology, ability to shift load away from high-cost periods, and ability to benefit from the rate and absorb potential bill shocks.

- The ability to participate in a dynamic rate depends upon customers' access to technology with specific characteristics that enable response to hourly or sub-hourly price signals. Currently, the high upfront cost of this technology may pose a limitation for low-income customers. Ava is exploring different incentive programs and developing strategies to help further broaden access.
- The ability to quickly shift load away from high-priced peak periods will affect whether participating customers can achieve cost savings under a dynamic rate. As market signals would be dynamic with potentially very large changes in prices between hours, customers that cannot or do not adopt and/or utilize and embrace enabling technology could see very large bill impacts.
- Participating customers on a dynamic rate run the risk of bill shocks if they are unable to shift load away from high-priced peak hours. Customers who face greater barriers in implementing enabling technology are likely to be most exposed and least able to absorb potential bill shocks.

Discussion

Based on the evaluation of available information, Ava cannot conclude that implementing dynamic rates would result in any equity benefits. The availability of such rates is likely to disproportionately benefit

[8] *A survey of Utility Experience with Real Time Pricing,* Lawrence Berkeley National Laboratory and Neenan Associates, December 2004, ES-4 and ES-6.

higher-income customers, who tend to be early adopters of technology, and who can most readily absorb the risk of bill shocks. For example, A study on the distributional implications dynamic rate implementation in Spain, where dynamic rates have been broadly rolled out as the default option for households, found that dynamic rates are slightly regressive due to differences in household consumption profiles. [9]

As with any new rate or program, the implementation of dynamic rates creates an opportunity for cost shifting. To develop and implement dynamic rates, Ava would incur costs, including those discussed in section 4.3.1.1. These costs would be recovered from all customers. As discussed in section 4.3.1.2.1, potential savings in energy and capacity costs would be directly passed through to participating customers. As such, Ava anticipates that the implementation of dynamic pricing would result in a cost shift from participants to non-participants. This cost shift would likely be regressive, as Ava anticipates that higher-income customers would be more likely to benefit from and thus more likely to adopt dynamic rates.

It is critical to analyze pilot study results to accurately quantify the magnitude and uncertainty of these equity impacts, including the level of acceptance and adoption of dynamic, hourly or sub-hourly rates from customers of different income levels.

4.3.3 Technological Feasibility

Technological feasibility is the third evaluation factor for dynamic rates. Ava's evaluation assesses the technological feasibility of implementing dynamic rates for all customers on the schedule specified in the LMS requirements and considers the feasibility of both the technology systems needed to support implementation of dynamic rates and to the external customer technology that is needed to enable response to hourly or sub-hourly signals. As the Meter Data Management Agent ("MDMA") for Ava's customers, PG&E is in control of and responsible for a significant portion of the technology systems' updates and rollout required to implement dynamic rates that overlap both organization's service areas.

IOU and CCA Technology Systems

The primary technology systems needed to support dynamic rates include advanced metering infrastructure ("AMI"), Ava's Customer Relationship Management Salesforce implementation, Ava, SMUD, and PG&E's billing infrastructure, online customer rate databases such as MIDAS, and automation technologies that can allow for responsive equipment. The following provides a feasibility assessment of each technology component:

- PG&E's meters can provide hourly interval usage data for residential customers and sub-hourly interval data for non-residential customers; however, the data currently shared via ShareMyData with CCAs is not of "billing quality" meaning that some data may be missing or incorrect. As such, PG&E CCAs cannot currently for hourly rates. PG&E has committed to upgrading its billing infrastructure by 2027 which will enable the provision of billing quality interval data to CCAs. Regardless, an assessment of the AMI network communication infrastructure is likely to be required to identify if additional equipment needs to be installed to support the increased volume. Ava will coordinate with PG&E to avoid any disruptions to customers.
- Ava will coordinate with PG&E regarding any necessary billing system and billing presentation configuration changes. Ava anticipates it will be necessary to develop enhancements to PG&E's

[9] *The Distributional Impacts of Real Time Pricing,* Michael Cahana et.al, October 2022, page 4.

online tools and services to help customers understand any new rates and rate changes holistically.

- Ava maintains an update Customer Relationship Management Salesforce implementation that represents all customer characteristics including customer identifiers (e.g., account id, service agreement ids, daxref values), rates, customer sectors, addresses, program participation, and solar ownership, and many other customer characteristics.
- Updating existing customer tools and developing new tools would be key to supporting a positive customer experience when implementing dynamic rates. Ava will engage not only with external vendors on relevant existing tools but also PG&E to assess the technological feasibility of and timeframes necessary to develop and/or modify existing tools to support dynamic rates.

In sum, Ava anticipates that collaboration and coordination with PG&E, SMUD, and external vendors will be critical to successfully implementing dynamic rates. Ava will work with parties to assess enhancements, upgrades, and additional functionality that will be needed to ensure the optimal benefits realization of dynamic controls and a positive customer experience.

Enabling Customer Technology

The potential incremental benefits of dynamic rates depend on customer participation and the widespread Availability of devices and technology that can support real time response to hourly or sub-hourly price signals. Ava is in the process of assessing technologies with this kind of capability to include in future customer programs. The following is a list of common load flexibility technologies in Ava's service area. Ava anticipates these same technologies would be needed to respond to new dynamic rates.

- Wi-fi enabled smart thermostats are the most widely adopted load flexibility technology. These devices can receive and respond to dispatch signals within 15-30 minutes.
- Battery energy storage systems are being adopted with increasing frequency by both residential and non-residential customers, particularly as an add-on to solar photo-voltaic ("PV") installations. Batteries can be dispatched on a shorter notice, and Ava has existing and planned programs designed to accelerate this adoption and optimize dispatch for the greatest peak load reductions.
- Air conditioning ("AC") switches are one of the oldest distributed resource technologies and have been deployed since the 1970s. These switches are included in various demand flexibility programs across the utilities and CCAs.
- Electric vehicles ("EVs") are an emerging source of load flexibility. There is significant potential for further growth given statewide goals for zero emissions vehicles by 2030.
- Heat pump hot water heaters (HPHWs) are increasingly being adopted in California and in Ava's service area. HPHWs can be managed to both avoid heating or preheating water during specific time intervals.

Ava's existing and planned demand flexibility programs and participation in the dynamic pilots will improve understanding of how to most effectively engage with customers with behind-the-meter devices, considering different technologies, customer needs and preferences, and other factors. Ava also anticipates that these programs will help increase the acceptance and adoption levels of enabling technologies as well as testing their response to price signals. The results of these programs will inform future consideration of dynamic rates.

4.3.3.1 Discussion

Based on the evaluation of available information, Ava believes the technology exists to implement some level of dynamic rates. However, the extent of capabilities of enabling behind-the-meter device technology, along with the impacts on customer experience, are still being tested and developed. Ava believes that reassessing the technological feasibility of dynamic rates after evaluating pilot study results and future programs would better inform the likelihood of positive customer acceptance and material load shift benefits.

Ava anticipates coordination with PG&E, SMUD, and external vendors on implementing any necessary changes to internal systems, with the necessary infrastructure deployments and system configuration implementations. Additional time to enhance the billing experience, develop customer tools, and enhance DER functionality and control would create a better experience, improve the likelihood of

4.3.4 Benefits to the Grid and Customers

The final two evaluation criteria specified by the LMS Amendments are benefits to the grid and benefits to customers. Ava evaluates the two factors simultaneously because many benefits to the grid also have pass-through benefits to customers. Ava's evaluation of each benefit considers the expected effectiveness of the rate design, the expected adoption rate, and the incremental benefits relative to Ava's existing time-dependent rates and load flexibility programs. The following is a summary of anticipated grid and customer benefits associated with implementation of new dynamic rates on the timeframe specified in the LMS requirements.

- *Avoided capacity needs.* Realizing the incremental benefits of avoided capacity costs, in the form of reduced need to construct new generation capacity or procure resource adequacy (RA), depends significantly on an effective rate design that delivers meaningful, dependable load shift in response to hourly or sub-hourly signals. Shifting demand away from peak periods also has the potential to relieve grid strain and contribute to reliability. As further discussed throughout this Plan, Ava is unable to conclude at this time that implementing dynamic rates would result in incremental capacity cost savings, given the uncertainty around design effectiveness, adoption levels, and the magnitude of load shift potential beyond the benefits already provided by Ava's time-dependent rates and load flexibility programs.
- *Avoided energy procurement costs.* Similarly, realizing the incremental benefits of avoided energy costs relies on a rate design that effectively encourages customers to shift from high-cost (high GHG) periods to lower cost (low GHG) periods. This allows for more efficient use of cheaper solar energy when it is generated and reduces the higher costs of energy associated with serving peak load. However, as previously discussed, Ava cannot conclude that implementing dynamic rates would result in incremental avoided energy costs.

- *Avoided transmission and distribution needs.* As many load flexibility rates and programs are still in pilot, the extent to which they can alleviate stress on the transmission and distribution systems and potentially defer or reduce the need for capacity upgrades is still uncertain. Because Ava cannot at this time conclude that dynamic rates would result in incremental avoided capacity costs on the implementation schedule specified in the LMS regulation, it cannot conclude that any transmission or distribution cost savings would be likely to materialize.

- *Avoided GHG costs.* To the extent that dynamic rates can shift energy use from time periods in which fossil fueled resources serve load to time periods with greater renewable energy generation, there is the potential for reduced costs to Ava (and thereby its customers) associated with the cost of GHG emissions. Ava incurs GHG compliance costs associated with procurement of thermal power and some out-of-state energy imports. In addition, the cost of carbon is incorporated into the price of any energy that purchased through CAISO markets. Reducing Ava's thermal procurement and/or limiting market purchases when the grid has a greater carbon intensity can save costs for Ava and its customers. However, any incremental GHG cost savings depend on the realization of incremental reductions in capacity needs and/or in energy purchases during high-cost/high-emitting periods. Because Ava is unable to conclude at this time that implementing dynamic rates would result in material incremental load shift, any GHG cost savings benefits are also uncertain. In addition, as Ava pursues implementation of its plan to reach 100% renewable procurement by 2030, Ava anticipates increasingly less difference between the GHG emissions profiles of resources serving its customers during the peak and in periods of lower demand.

- *Improved air quality, public health, and environmental outcome.* As with avoided GHG cost savings, the potential air quality, public health, and environmental benefits associated with dynamic rates depend on such rates reducing the capacity needs or energy purchases during time periods when the grid has a higher carbon intensity. However, as discussed above, Ava cannot conclude at this time that a material incremental increase in these benefits will accrue on the timeline specified in the LMS regulation. In addition, as noted above, the difference in the emissions profile of resources serving load at times of peak or load demand should decrease as Ava implements its plan to reach 100% renewable procurement by 2030.

- *Customer bill impacts.* With dynamic rates, customers have the potential to save money by shifting their usage out of the most expensive hours. However, there are risks to dynamic rates, even if customers can largely rely on device automation to manage their demand. Ava locks in prices for most of the power it anticipates needing, effectively providing a hedge for customer energy costs. With dynamic rates, customers take on a greater risk of market price fluctuations, which could have severe impacts on customer bills especially during times of extreme market volatility. There will be times when prices are high for an extended period of time. During such times, customers may not be able to rely on their enabling technology or adjust their usage enough to prevent excessively large bills. Residential customers cannot simply stop using electricity, nor can commercial customers stop operating for an extended period of time to avoid a large electric bill driven by spikes in energy prices. Bill protection can reduce customer-facing risk but can also reduce a dynamic rate's ability to incentivize load shifting.

4.3.4.1 Discussion

Based on the evaluation of available information, Ava is unable to conclude that implementing dynamic rates on the timeframe specified in the adopted LMS amendments would yield material incremental benefits to the grid or to customers. Ava's current time-dependent rates and load flexibility programs are designed to capture a significant portion of potential peak load shift benefits. Any incremental benefits associated with dynamic rates that enable response on sub-hourly signals are uncertain.

The aforementioned Lawrence Berkeley National Laboratory white paper emphasized that sufficient resources must be devoted to developing and implementing a customer education program and customers need help understanding and managing price risk.[10]

Another team of Lawrence Berkeley National Laboratory researchers interviewed 29 customers in the Niagara Mohawk Power Corporation service territory with day-ahead dynamic prices in 2004. The study specified that reasons customers gave for why they were not price-responsive included implicit value placed on reliability, pricing structures, lack of flexibility in adjusting production inputs, just-in-time practices, perceived barriers to onsite generation, and insufficient time.[11]

Therefore, a premature introduction of dynamic rates may cause confusion and shift additional market price risk onto customers, creating a negative customer experience that may hinder adoption of both the new rate and longer-term load flexibility initiatives. A hurried implementation of a complex and untested dynamic rate structure is likely to result in costs, rather than benefits, to the grid and to customers.

4.3.5 Compliance Approach

Ava plans to continue offering its existing portfolio of time-dependent rates. Ava also plans to implement new load flexibility programs and participate in dynamic rate pilots that will help the organization better understand how best to engage with behind-the-meter customer devices. With additional information and results, Ava can consider developing a dynamic rate pilot rate for one or more customer classes in the future.

Based on the results of this evaluation, Ava will defer developing and proposing adoption of new dynamic rates beyond July 1, 2025, and offering voluntary participation in any such rates beyond July 1, 2027. Based on available information, Ava cannot conclude that proposing and implementing dynamic rates, as proposed in the LMS requirements' timeline, would be cost-effective, provide equity benefits, be technologically feasible, and/or or yield any cost savings or emissions-related benefits to the grid and to customers. The risks of premature implementation can adversely impact participating customers' bills, the overall customer experience, and even Ava's image and reputation.

Ava plans to reassess the timeline for proposing and implementing dynamic rates no later than the triennial review of the Plan. The Plan review will also include potential updates to qualitative and quantitative evaluations for cost-effectiveness, equity, technological feasibility, and benefits to the grid and to customers.

[10] *A Survey of Utility Experience with Real Time Pricing*, Lawrence Berkeley National Laboratory and Neenan Associates, December 2004, ES-9.
[11] *Real Time Pricing and the Real Live Firm*, Lawrence Berkeley National Laboratory, August 2004, page 1.

5 Load Flexibility Programs

Overview of Current Load Flexibility Programs

Load flexibility is a key strategy in helping Ava achieve its 100 percent renewable energy goal, by enabling customers to be part of the strategy in reducing procurement needs. Ava is focused on establishing and offering new load management programs because they are simple, effective, flexible, and potentially allow Ava to make rapid progress in unlocking peak load reduction potential. Ava is working to innovate with technology, software, and hardware providers to advance functionalities that will enable broad participation and optimize potential resources to deliver the maximum benefit for customers and the grid. When designing programs, Ava strives to tailor its offers to specific customer segments and/or needs to maximize responsiveness beyond just price alone. Ava analyzes data to identify the intersection of the greatest potential for mutual benefits to customers and to Ava to inform program development. A segment of Ava's portfolio of existing and planned programs will, in time, center around an overarching Distributed Energy Resource Management ("DERMS") that will enable dispatch for a range of load flexibility program offerings, which may include residential, C&I, and agricultural customer classes. In the near term, Ava is developing specific offerings related to residential load flexibility and electric vehicle managed charging. The following section of the Plan provides a list of planned programs offerings that will test for reliability, load reduction, and customer adoption.

5.1.1 Resilient Home

Ava launched the Resilient Home program in 2020 with the primary goal of providing backup power to single and multifamily residential homeowners facing rolling blackouts or Public Safety Power Shutoff (PSPS) events. Under the program, Ava partners with solar company Sunrun, which assists customers with installing behind-the-meter solar and battery systems and provides an option for financing the systems. Ava selected Sunrun through a competitive solicitation and the Program provides incentives to customers that allow Ava to dispatch the batteries every weekday during the evening peak hours.

Through Resilient Home, Ava has been developing a portfolio of load modifying resources over the last two years. With over 1,200 residential solar and storage systems under management, Ava delivers real, ongoing peak load management every day, including on CAISO peak days. Each residential battery delivers approximately 2 kilowatts (kW) over a 4-hour period (8 kWh) every weekday. Batteries are coordinated to charge at controlled rates during times of high solar generation and discharge at a consistent rate across times of peak grid load. As shown in **Figure 1** and Figure 1 shows how residential battery systems charge and discharge when not actively managed. Each black line represents a single battery, and the blue line represents the average state of charge across all batteries. When operating without coordination, the portfolio fails to maximize load modification benefits, as evidenced by:

1. Batteries dispatch for TOU, and generally are set to discharge over 1-2 hours, which does not align with entirety of grid stress event
2. Batteries are in back-up only mode and do not dispatch in the evenings
3. Batteries are configured to maximize self-consumption and may not dispatch during evening hours

Figure 2 in Appendix A, which depict data collected from the Resilient Home program, actively managing the batteries is crucial to optimizing their load modification capabilities. Unmanaged batteries operating "in the wild" may not be effectively reducing customer load during peak periods.[12]

Critical Municipal Facilities

The Critical Municipal Facilities program will bring reliable power to 30 critical facilities via the installation of solar and storage. These facilities provide fire, safety, and emergency operations to communities. Ava worked with a consultant engineering firm and its member agencies to assemble a list of hundreds of critical facilities across its service territory, ranging from fire stations and emergency operation centers to libraries and community centers. Sites were screened based on natural hazard exposure, service to the community, and solar and battery potential. Initial engineering was done for each site, identifying an initial potential of 10 megawatts (MW) of solar and 25 megawatt-hours (MWh) of storage in a subset of member agency jurisdictions. A portfolio of 61 facilities in Emeryville, Pleasanton, Oakland, Livermore, San Leandro, Berkeley, Hayward, and Fremont are currently being bid for development, with total solar and storage sizing to be refined during the offer process. Similar to Resilient Home, Ava plans on offering customers the option to optimize battery dispatch for peak consumption reduction.

Ava received commitments from the city councils of Albany and Piedmont to participate in the next round of the program and discussed it with Stockton, a future member agency.

5.1.2 DERMs and Residential Managed EV Charging

Ava is currently evaluating proposals for Distributed Energy Resource Management services provider to manage a suite of existing and future distributed energy resources. Through the same solicitation, Ava is seeking a scalable approach for a managed residential EV charging program. Ava envisions integrating a broad spectrum of devices under the umbrella of a single DERMS provider to streamline load management capabilities. Additionally, by centralizing control, Ava aims to optimize the coordination of these DERS in a way that reduces carbon emissions, maximizes energy savings for customers, and provides Ava with load management. Ultimately, Ava's goal for the management of DERs is to develop Virtual Power Plant(s) (VPPs) that will participate as "load modifying resources or demand modifiers" presented to the California Energy Commission (CEC), and/or in wholesale CAISO markets, or other applicable approaches that support the goal to provide carbon-free energy at competitive rates to Ava customers.

5.1.3 Capacity Based Battery Incentive Program

Ava is developing an additional paired solar and storage incentive program using savings from the transition from NEM 2.0 to the Net Billing Tariff. Through this program, Ava would provide upfront incentives for solar customers to adopt storage, and ongoing incentives for batteries that are dispatched for load management through the aforementioned DERMS platform. Higher incentives would be provided for CARE customers and resilience hubs. The program would be available to both residential and non-residential customers at inception, with additional study on approaches to commercial customers forthcoming.

Evaluation of New Programs

Ava is developing a robust portfolio of programs with a focus on load flexibility that strikes the right balance between customer needs and grid benefits. As summarized above, this portfolio is exploring

[12] 2020 SGIP Energy Storage Impact Evaluation, Verdant Associates, Page 58. (cpuc.ca.gov)

various dispatch signals, including automated response. These signals are based on several factors, including day-ahead marginal prices. The program development process will include collaborating with external vendors to build a technology platform that can optimize and automate dispatch of DERs.

The next section of the Plan evaluates the cost-effectiveness, equity, technological feasibility, and benefits to the grid and to customers of implementing programs that enable automated response to dispatch signals, including MIDAS signals, year-round, that are available to every customer class by July 1, 2027. Without program results at this time, Ava cannot quantify the magnitude of peak load reduction and/or other benefits can be provided through programs that enable automated dispatch based on MIDAS signals.

5.1.4 Cost Effectiveness

The first evaluation factor is cost-effectiveness. Ava will assess cost-effectiveness of new programs by comparing the estimated costs and incremental benefits associated with designing and implementing new load flexibility programs that allow for response to dynamic price signals, including MIDAS signals, year-round. For a program to be cost-effective, the expected benefits must exceed the costs of design and implementation.

5.1.4.1 Estimated Costs

The costs associated with implementing a new load flexibility program include program development, implementation, and administration costs. Ava anticipates these cost categories would apply, regardless of customer class.

- Program development costs include the costs associated with program design and setup, including integrating new programs with the CEC's MIDAS database and any applicable technology platform to the extent feasible.
- Program administration costs include ongoing costs to administer the program such as marketing, customer recruitment, customer education, development, and maintenance of customer tools, and any upfront or ongoing incentive payments that are part of the design.
- Technology and implementation costs include any external software systems that must be procured to communicate with and dispatch devices, as well as internal systems which must be developed and configured to integrate the external software. New load flexibility programs may require significant investments in new technology platforms.

5.1.4.2 Potential Benefits to Ava

The following section describes the potential benefits associated with implementing programs that allow for automated response to dynamic price signals, including MIDAS signals, and the estimated realization of such benefits based on the additional load shift capacity available to be captured.

5.1.4.2.1 Potential Benefits

The potential benefits associated with implementing programs that achieve incremental load shift include avoided capacity and energy costs, improved reliability during peak periods, avoided GHG compliance costs, and avoided air quality, public health, and environmental costs associated with a reduction in fossil-fuel generation, consistent with the benefits discussed in Section 4.3.1.2.1. These potential benefits are not unique to programs implemented for any one customer class.

5.1.4.2.2 Realization of Benefits

There are several uncertainties and barriers associated with realizing the above-identified incremental load shift potential and its associated benefits. Ava expects these barriers and uncertainties to apply across residential, C&I, and agricultural customer classes. These uncertainties and barriers are summarized as follows:

- While there has been a rapid increase in the number of devices on the market that are able to automate load reductions, most devices are not capable of effectively responding to real-time signals without significantly compromising customers' daily activities. HPWHs, EVs and even thermostats all require advance notice to meet customer needs.
- Enabling daily automation may bring additional load flexibility to utilities and CCAs, but frequent device dispatch without first understanding the impacts on customer experience runs the risk of eroding participation and satisfaction in the program.
- Ava anticipates that directly exposing participants to market prices could result in deeper load reductions, to the extent that increasing prices drive customers to shift more load away from the peak. However, the magnitude of additional load reduction as a function of price is not yet known. In addition, higher customer risk with dynamic prices is likely to reduce participation and benefits.

5.1.4.2.3 Expected Incremental Benefits

Based on the above factors, Ava expects the following incremental benefits associated with programs that allow for automated response to dynamic price signals:

- A key value stream for Ava's load flexibility programs is avoided RA procurement. To the extent a given program can reduce peak demand and thus RA procurement, these avoided costs can be credited against the costs associated with implementing the program. While programs that expose customers to dynamic price signals may drive incremental load reductions when prices are highest, it is unknown how much and how reliable that incremental reduction would be, and how it would be credited under the current RA framework. Moreover, the magnitude of the load shift depends on significant adoption and acceptance of enabling technology.
- To the extent that new program structures and technology allow for faster load shift in response to short price spikes or drive greater load shift away from peak periods, Ava could see reductions in energy purchase costs, but this is currently not yet known. Future program design will seek to maximize the energy savings associated with customer load flexibility, balanced against technological capability, customer acceptance, and impact on the overall energy system.
- Given uncertainties around customer response to dynamic price signals and current penetration of enabling technology, Ava is unable to determine whether there would be secondary benefits (reliability benefits, avoided transmission and distribution costs, avoided GHG compliance costs, avoided public health, air quality, and environmental costs) associated with further reducing demand during peak periods from programs with automated response to hourly price signals versus existing programs.

5.1.4.3 Discussion

Based on the foregoing evaluation, Ava cannot conclude that the development of new programs that allow for automated responses to dynamic price signals would be cost-effective at this time. Ava will incur new programs' costs associated with design, implementation, and new technology investments. While these costs could potentially be offset with capacity and/or energy cost savings, the magnitude of those benefits are uncertain.

In addition, Ava anticipates that any incremental benefits will be limited in the near-term, while new technology is continuing to grow. Ava will continue to assess the expected incremental costs and benefits associated with incorporating more dynamic price signals and/or allowing resources to be dispatched by MIDAS signals, as Ava develops and potentially implements new programs.

5.1.5 Equity

The second criterion for evaluating new programs is equity. Ava qualitatively evaluates whether programs that enable automated response to dynamic prices, including MIDAS signals, are likely to lead to equitable outcomes.

5.1.5.1 Equitable Access to Direct Benefits

When designing any program, Ava ensures that all aspects of program design take equity into account. Ava seeks to develop customer energy programs that respond to community needs, with a focus on underserved communities and equity.

Ava is committed to include equity as a core principle when designing programs that allow for response to dynamic signals, given the current access barriers and risk of price exposure that may disproportionately be experienced by lower income customers and customers from communities of concern.

5.1.5.2 Equitable Access to Indirect Benefits

Program design also plays a major role in determining whether a program delivers incremental load shift benefits and results in cost savings and improved air quality, public health, and environmental outcomes that accrue to all customers. The realization of any indirect benefits is uncertain because Ava cannot quantify load shift benefits that dynamic price signals would result.

5.1.5.3 Discussion

Ava is unable to conclude that implementing new programs that allow for automated response to dynamic price signals, including MIDAS signals, would materially address equity. Programs can be designed to ensure equitable access to participation and benefits regardless of if the programs incorporate sending dynamic signals directly to customers. Furthermore, the risk of price exposure from dynamic rates could potentially exacerbate inequities in outcomes.

5.1.6 Technological Feasibility

The third evaluation factor for programs is technological feasibility. Ava's evaluation assesses the technological feasibility of implementing programs that allow for automated response to dynamic price signals on the schedule specified in the LMS requirements. Ava's evaluation considers the feasibility of both the systems needed to dispatch dynamic price signals, including MIDAS signals, and to the external customer technology that is needed to enable response to hourly or sub-hourly signals.

Ava's Technology Systems

As described previously, Ava is currently proposals for Distributed Energy Resource Management services provider to manage a suite of existing and future distributed energy resources. Ava hopes that dispatch of resources within demand flexibility programs will be centralized within the DERMS platform. It is not yet clear whether the DERMs platform will have functionality to utilize hourly or sub-hourly signals. Ava will continue to coordinate and collaborate with external vendors to assess the technological feasibility of enabling response to dynamic price signals in both the DERMs platform and external customer technology.

5.1.6.1 Enabling Customer Technology

The incremental benefits derived from implementing new programs that allow for response to dynamic price signals depend on customer participation and the widespread availability and acceptance of devices that can respond to sub-hourly price signals without compromising customer experience. Refer to Section 4.3.3.2 for a detailed description of common load flexibility technologies that are deployed across the state, and their capabilities and challenges.

Ava is uncertain whether the technology and platforms needed to enable programs that allow for response to dynamic price signals exist or could be updated on the LMS requirements' timeframe, given close coordination and collaboration with external vendors and PG&E will be required. However, Ava has started discussions with those parties on technological feasibility in anticipation of developing and offering programs with enabling device automation technology.

5.1.7 Benefits to the Grid and Customers

The final two criteria for evaluating dynamic rates are benefits to the grid and to customers. Ava is evaluating these factors separately, in contrast to the previous dynamic rates evaluation.

5.1.7.1 Benefits to the Grid

To the extent that new programs enabling responses to dynamic price signals result in consistent, material incremental load reduction, the following are potential grid benefits:

- Deferred or reduced need for new generation capacity or RA procurement.
- Deferred or reduced need for wholesale energy purchases to meet peak demand.
- Deferred or reduced need to upgrade transmission and/or distribution capacity to deliver energy to meet peak demand.
- Increased reliability is associated with reducing grid strain during periods of peak demand.

These benefits all depend, in significant part, on the magnitude of load shift resulting from new programs. Mutual benefit is necessary for effective, consistent load shift. With limited available information, Ava is unable to quantify load shift benefits of new MIDAS-integrated programs.

5.1.7.2 Benefits to Customers

The following is a summary of potential customers benefits associated with implementing new programs that allow for automated response to dynamic price signals:

- Pass-through cost savings associated with the realization of a reduced need for generation capacity, transmission and/or distribution upgrades, and higher-price wholesale energy purchases to meet peak load.
- Pass-through cost savings associated with avoided GHG compliance costs, to the extent that the incremental load shift reduces the need to rely on fossil-fuel resources to meet peak demand. Ava

anticipates these savings will become less significant as Ava's energy supply transitions towards 100 percent renewable.

- Pass-through increased reliability, to the extent this grid benefit is realized.
- Improved public health, air quality, and environmental outcomes, to the extent that the incremental load shift reduces the need to rely on fossil-fuel resources to meet peak demand.
- Cost savings associated with participation, to the extent that devices automatically shift load away from higher price periods.

Based on the uncertainty of the magnitude of load reduction benefits that the new programs can achieve, Ava is unable to conclude that there would be any incremental pass-through cost savings or reliability benefits to customers. Similarly, Ava anticipates that any incremental air quality, public health, and environmental benefits would also be uncertain.

5.1.8 Compliance Approach

The following section of the Plan describes how Ava plans to address the requirements to identify cost-effective programs that allow for automated response to dynamic price signals and offer customers voluntary participation in these programs, based on the evaluation of such programs.

5.1.8.1 Identification of Cost-Effective Load Flexibility Programs

Consistent with the LMS requirements, Ava will submit to the CEC, no later than October 1, 2024, a list of cost-effective load flexibility programs that enable automated response to MIDAS signals for each customer class, if any, where such a program is determined by Ava's Board to materially increase peak load reduction. Based on available information, Ava is unable to determine whether adding new programs that allow response to MIDAS signals would materially reduce peak load for any customer class or exceed the costs of implementation. Ava will continue to evaluate the cost-effectiveness and incremental peak load reduction potential associated with incorporating automated response to MIDAS signals.

5.1.8.2 Voluntary Participation in Cost-Effective Load Flexibility Programs

Ava is currently developing load flexibility programs that may offer customers voluntary participation. However, Ava is unable to demonstrate that offering such programs beginning on July 1, 2027 would be cost effective. Ava will continue to assess the cost-effectiveness and peak load reduction potential of programs that enable automated response to MIDAS signals as more information becomes available.

Based on the foregoing, Ava will continue to offer its customers voluntary participation in load flexibility programs and does not at this time anticipate offering programs that enable automated response to MIDAS signals. Ava plans to defer offering voluntary participation in load flexibility programs that enable automated response to MIDAS signals because Ava is currently unable to demonstrate that offering such programs beginning July 1, 2027, would be cost effective or result in material peak load reduction relative to Ava's existing and planned load flexibility programs. However, as noted above, Ava will continue to assess the cost-effectiveness and peak load reduction potential of programs that enable automated response to MIDAS signals as it develops and refines load flexibility programs, particularly based upon the pilots that will inform Ava's load flexibility approach.

Public Information Program

Adopted LMS amendments section 1623.1(a)(5) requires each large CCA to conduct a public information program to inform and educate impacted customers about dynamic rates and/or load flexibility programs. Specifically, the information program must explain why dynamic rates or load flexibility programs, and their automation, are needed, how they will be used, and how they lower energy costs. This section of the Plan addresses how Ava will comply with the public information program requirements.

5.2 Ava's Communication Approach

As a community-driven local electricity provider, Ava is committed to broad customer outreach, education, communication, and customer service. Ava provides its customers with the information to best manage their energy usage according to their needs. As a local community agency, Ava prides itself on its ability to meet customers where they are: in their language, at their events, in their neighborhood.

Ava communicates through a wide variety of channels to build brand awareness and ensure customers are familiar with its time of use rates, demand flexibility programs, and their benefits. These channels include Ava's website; an active presence on social media; sponsorship and tabling at in-person events; letters and post cards sent via direct mail; sending millions of emails to customers annually; geo-targeted and demographically segmented digital advertising; billboards; and advertisements in Bay Area Rapid Transit (BART) stations.

Ava recognizes the importance of public outreach to the energy transition. Ava has engaged in a variety of public relations, marketing, community outreach, and local government affairs activities to drive energy awareness and education, spark community engagement, and maintain high customer enrollment. As part of the commitment to customer communication and education, Ava's language program ensures that Chinese, Spanish, and other non-English speaking customers can access information and materials in their preferred language. Ava maintains regular communication with regional media, providing factual and timely information to the broader public. Ava developed a tool[13] to help customers find clean energy incentive programs they qualify for. Finally, Ava's customer service agents regularly interact with customers over the phone and email to address questions and resolve issues.

Ava's Technology & Analytics team assembled a database that contains a variety of customer demographic information. This database facilitates the segmentation of Ava's audience and targeted messaging. This approach would be essential for encouraging the adoption of dynamic rates.

To achieve decarbonization goals, Ava will continue to educate customers on the benefits of peak load reduction through time-dependent rates and load flexibility programs. Ava will continue to develop new strategies to improve community outreach, expand marketing and brand awareness efforts, and to drive customers towards making educated energy decisions.

5.3 Compliance Approach

Ava will continue with communication best practices to maintain its outreach, education, and marketing of rates, programs, and pilots that support load flexibility and recognize the benefits of reducing peak

[13] https://incentives.avaenergy.org/

load. In parallel, Ava will also update education and marketing materials to incorporate discussion of new rates, programs, and pilots, along with the role of automation.

6 Delay and Modification of Compliance Requirements

Adopted LMS amendments section 1623.1(a)(2) of the LMS regulation specifies that a Large CCA may approve a compliance plan, or material revisions to an approved plan, that delays or modifies compliance with certain LMS requirements. To do so, the compliance plan must demonstrate one of the following factors:

- That despite good faith efforts to comply, requiring timely compliance would result in extreme hardship.
- Requiring timely compliance would result in reduced system reliability, equity, safety, or efficiency.
- Requiring timely compliance would not be technologically feasible or cost-effective to implement.
- Or despite good faith efforts to implement a compliance plan, it must be modified to provide a more technologically feasible, equitable, safe, or cost-effective way to achieve the LMS requirements or the plan's goals.

This section of the Plan addresses how Ava's Plan delays or modifies compliance with certain elements of the LMS requirements.

6.1 Providing RINs to Customers

Adopted LMS amendments section 1623(c)(4) requires each Large CCA to provide customers access to their RIN(s) on billing statements and in online accounts by April 1, 2024, using both text and QR code. As detailed in section 3.2 of this Plan, Ava plans to make the RINs available to customers in the required formats within the designated time and has already begun engaging with appropriate parties, including PG&E, on the necessary changes.

PG&E has ultimate control of both paper and electronic billing statement designs. While PG&E does not anticipate needing to modify the RIN access requirement at this time, based on the scope of work and estimated completion timelines, compliance could be delayed if, for example, PG&E's current bill design constrains the inclusion of the RIN in text and/or QR code, and the redesign cannot be timely completed, tested, and implemented by the same deadline. In such circumstances, Ava would need to modify the deadline for providing RINs to customers in both text and QR code because implementing this requirement by April 1, 2024, would not be technologically feasible.

6.2 Statewide RIN Access Tool

6.2.1 Development of Statewide Tool

Adopted LMS amendments section 1623(c) requires the utilities and Large CCAs to develop a single statewide standard tool for authorized rate data access by third parties, along with a single set of terms and conditions for third parties using the tool, for submission to the CEC by October 1, 2024, for approval.

As discussed in section 3.3, Ava plans to collaborate with the parties and has committed staff to participate in the working group. While Ava anticipates that developing a single statewide tool that can perform the specified requirements and integrate with each LSE's system will be a challenging and complex task, at this time Ava intends to comply with the requirement. Because the tool development requirement is jointly held by the utilities and Large CCAs, Ava is optimistic that significant progress will be made and does not seek to delay or modify this requirement within this Plan. Should the need for an extension arise, Ava anticipates that the parties would approach the CEC Executive Director collectively in accordance with section 1623(c)(2)(B) of the LMS, which allows the CEC Executive Director to extend the submission deadline upon a showing of good cause.

6.2.2 Implementation of Statewide Tool

Adopted LMS amendments section 1623(c)(3) also requires the utilities and Large CCAs to implement and maintain the tool, upon its approval by the CEC. Ava does not anticipate needing to modify compliance with this requirement currently. However, Ava notes that integration of the approved tool with internal systems could be delayed if the development and/or CEC approval of the tool are delayed, because integrating the tool before it is finalized and approved would not be technologically feasible, or if the cost of integrating the tool would cause extreme hardship for Ava or Ava's customers.

6.3 Dynamic Rates

Adopted LMS amendments section 1623.1(b)(2) directs each Large CCA to apply for approval of at least one dynamic rate for the customer class(es) from its Board by July 1, 2025, for which the Board determines such rate will materially reduce peak load. Section 1623.1(b)(4) requires CCAs to offer customers voluntary participation in such a rate or a specified load flexibility program by July 1, 2027.

As discussed in Section 4.3, based on its evaluation of dynamic rates, Ava cannot currently conclude that developing and implementing such rates on the LMS timeframe for any customer class would result in material reductions in peak load or be cost effective.

While dynamic rates have the potential to provide incremental load shift and related benefits, there are significant uncertainties in the direction and magnitude of dynamic rate impacts, and the costs associated with their implementation. Without data from pilots, it is not possible to quantify incremental load shift benefits and cost-effectiveness of dynamic rate implementation. In addition, implementation of unfamiliar and complex rate structures without sufficient testing and refinement of new rate designs, as well as thorough education, is likely to cause customer confusion, risking low adoption and limiting any incremental load shift benefits. The realization of incremental load shift benefits is made more uncertain by additional risks customers may bear with dynamic rates, especially if new enabling technology is not widely adopted.

Ava has determined that, for the reasons set forth in this Plan, the LMS requirements must be modified to provide a more cost-effective and technologically feasible way for Ava to, in good faith, meet the LMS requirements and achieve the LMS goals. Thus, Ava proposes to modify the dynamic rate requirements of the LMS to defer the development or proposal of new hourly or sub-hourly rate options, and offering new rates to Ava's customers would be likewise deferred. Ava believes proposing dynamic rates to its Board by July 1, 2025, to implement them by July 1, 2027, is premature. Ava will continue offering its suite of time-dependent rates while gathering information for a more comprehensive evaluation once data is available from dynamic rate pilots in PG&E's service territory. The results of the pilots will help Ava better understand the effectiveness of the dynamic rates, how customers with different technologies respond to different dispatch signals, and to what extent incremental load shift opportunities exist beyond existing time-dependent rates and programs. As Ava receives and analyzes results from those pilots, Ava will be better positioned to evaluate the cost-effectiveness and flexibility of dynamic rates. As such, Ava will review dynamic rates in the next Plan update.

6.4 Dynamic Response Load Flexibility Programs

6.4.1 Identification of Cost-Effective Load Flexibility Programs

Adopted LMS amendments section 1623.1(b)(3) requires each Large CCA to submit a list of cost-effective MIDAS-integrated load flexibility programs to the CEC Executive Director by October 1, 2024. The portfolio of load flexibility programs must provide at least one option to automate response to MIDAS signals (that indicate, for example, hourly marginal cost-based rates, marginal prices, or hourly or sub-hourly GHG emissions) for every customer class where such a program would materially reduce peak load.

As discussed in Section 5.2, adding or modifying programs to allow response to MIDAS signals has not yet been determined to result in material incremental reductions in peak load for any customer class or to be cost effective. This is in part due to the uncertainties in customer acceptance and response to hourly or sub-hourly price signals, exposure to market price spikes and volatility, and as a result, peak load reduction potential.

Ava is required to identify MIDAS-integrated dynamic load flexibility programs for customer classes where such programs are determined to be cost-effective and materially reduce peak load. Ava anticipates submitting a list that includes planned load flexibility programs and pilots that achieve LMS goals without automated response to MIDAS signals, by October 1, 2024, because Ava's evaluation has not concluded that developing and implementing programs or pilots with automated response to MIDAS would be cost-effective or materially reduce peak load. Additionally, it is too late to incorporate MIDAS price signals into existing and currently planned load flexibility programs. Ava has determined that modifying this requirement is necessary to provide a more cost-effective and feasible way to meet the LMS requirements and achieve the LMS goals. Ava will re-evaluate the cost-effectiveness and incremental peak load reduction potential associated with incorporating dynamic signals into demand flexibility programs as information from the pilots becomes available and may include MIDAS-integrated programs on a future list.

6.4.2 Voluntary Participation in Cost-Effective Load Flexibility Programs

Adopted LMS amendments section 1623.1(b)(4) requires each Large CCA to offer customers voluntary participation in either a dynamic rate, if approved by the Board, or cost-effective MIDAS-integrated load flexibility program by July 1, 2027.

Ava is required to offer voluntary participation in cost-effective load flexibility programs that materially reduce peak load. As discussed in Sections 5 and 7.4.1 above, Ava's evaluation has been unable to conclude that developing and implementing new load flexibility programs or pilots with automated response to MIDAS signals would be cost effective or materially reduce peak load. Ava has determined that, for the reasons set forth in this Plan, the LMS program participation requirements must be modified to provide a more cost-effective and technologically feasible way for Ava to, in good faith, meet the LMS requirements and achieve the LMS goals. Thus, Ava modifies this requirement to include voluntary participation in any load flexibility program or pilot, not just programs that allow for automated response to MIDAS signals. Ava will assess the cost-effectiveness and peak load potential of planned and new programs that enable automated response to MIDAS signals as Ava develops and refines load flexibility programs.

7 Appendices

7.1 Appendix A

Figure 1 Non-Managed Residential Battery Performance

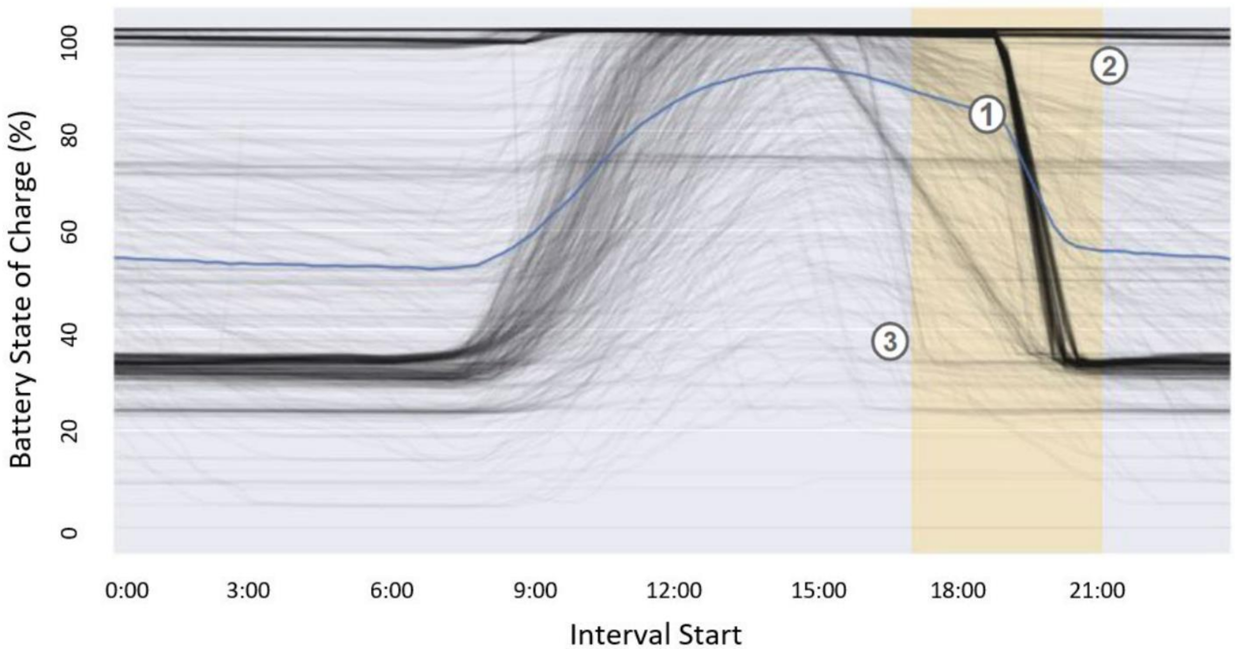

Figure 1 shows how residential battery systems charge and discharge when not actively managed. Each black line represents a single battery, and the blue line represents the average state of charge across all batteries. When operating without coordination, the portfolio fails to maximize load modification benefits, as evidenced by:

4. Batteries dispatch for TOU, and generally are set to discharge over 1-2 hours, which does not align with entirety of grid stress event
5. Batteries are in back-up only mode and do not dispatch in the evenings
6. Batteries are configured to maximize self-consumption and may not dispatch during evening hours

Figure 2 Managed Battery Performance

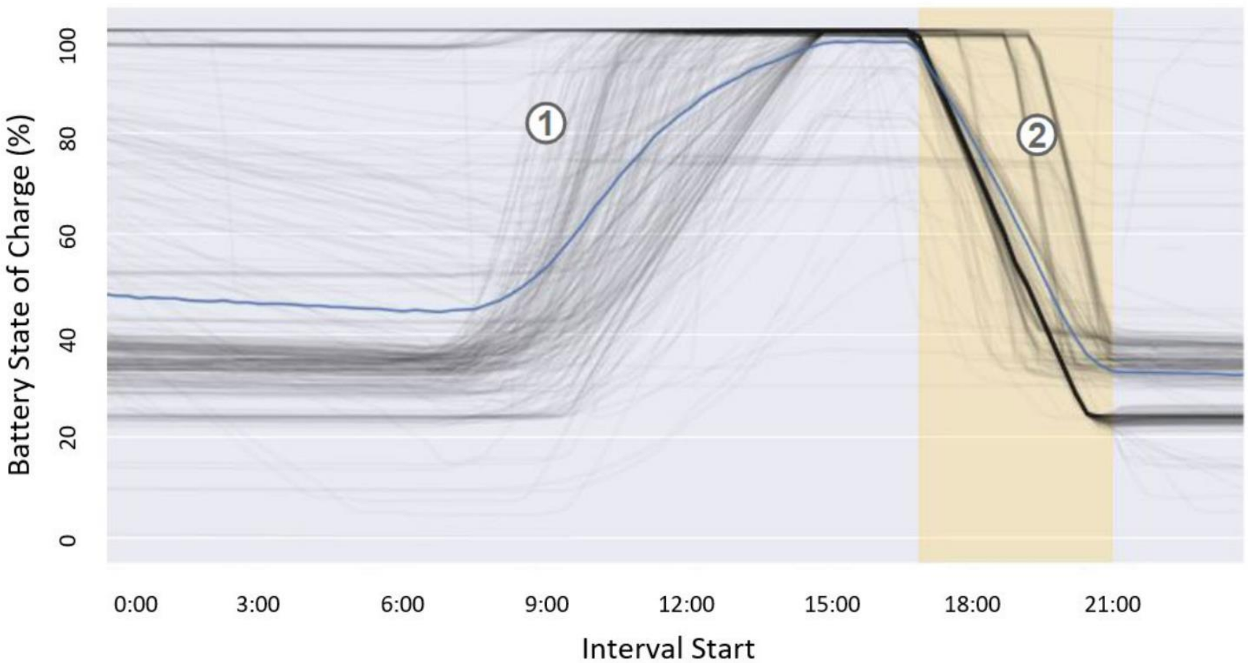

Figure 1 shows how customer battery systems charge and discharge when actively managed. Each black line represents a single battery, and the blue line represents the average state of charge across all batteries. When operating with coordination, the portfolio maximizes load modification, as evidenced by:

1. Batteries charge at controlled rates during times of high solar generation
2. Batteries discharge at an optimized rate to ensure constant output throughout the contracted four-hour window

Staff Report Item 22

TO: Ava Community Energy Authority Board of Directors

FROM: Howard Chang, Chief Operating Officer

SUBJECT: Renewable Surplus Allocation and GASB 62 Methodology

DATE: March 20, 2024

Recommendation

Approve the release of $10,504,837, which is the board approved Fiscal Year 2022-23 budget surplus allocation to long-term renewable energy and clean storage investments. The amount should be released from the GASB62 retained revenues into the General Fund in 2027.

Background and Discussion

With the approval of the Fiscal Year 2022-23 budget (the “Budget”), the Board of Directors (the “Board”) approved a portion of the surplus revenues to be allocated to long-term renewable energy and clean storage investments. Following the completion of the annual financial audit, this amount was determined to be $10,504,837 (the “Allocation”). This amount was presented to the Board at the November 15, 2023 meeting as Item 11. The allocation has been held as retained earnings in the GASB 62 Rate Stabilization fund.

The GASB 62 fund is an accounting treatment that permits the reporting of revenues earned in one period to be diverted to a later period to balance against planned recognition of specific costs. This treatment stabilizes budgets, financial net positions, and rates against fluctuations of large, planned expenses. The application of GASB 62 is in accordance with GAAP standards and is used regularly with public utilities. The Board has full discretion on how and when to recognize deferred revenues.

Ava intends to procure incremental generation and storage capacity from the 2023 Request for Offers (RFO) and apply the Allocation to this additional procurement. Currently in the 2023 RFO Ava has received board approval and executed contracts for 475 MW of renewable generating capacity and 75MW of storage capacity. This is estimated to generate between 685-887GWh annually once projects are fully operational. Ava is in continued negotiations on additional renewable generation and storage projects in CA that are estimated to generate between 735-950GWh annually, starting as early as 2027. To the extent additional capacity is procured, Ava would apply the Allocation to the entire portfolio inclusive of incremental procurement. The surplus would be applied regardless of potential project fall-out due to project development risks, such as permitting, interconnection, and construction risks. Staff does anticipate some portion of project failure throughout the project portfolio. To the extent additional projects are not procured from this 2023 RFO, staff would recommend deferring the release of these surplus funds to a future RFO.

While the Board can recognize the Allocation in any manner it chooses, Staff is recommending a release of the surplus funds in its entirety in calendar year 2027, which will allow for a simple accounting procedure and administratively straight forward operating requirements.

Fiscal Impact

Release of GASB 62 retained revenues will increase Ava's net financial position in the fiscal year that it is released.

Committee Recommendation

This item was reviewed by the FAP subcommittee and received approval of this recommendation by a unanimous vote.

Attachments

A. Resolution Approving Release of GASB 62 Long-Term Renewable Allocation into the General Fund in calendar year 2027.
B. Presentation – 2022-23 Surplus Allocations to Long-Term Renewables

RESOLUTION NO. R-2024-xx
A RESOLUTION OF THE BOARD OF DIRECTORS OF AVA COMMUNITY ENERGY AUTHORITY TO RELEASE $10,504,837 FROM THE FY2022-23 SURPLUS TOWARDS LONG-TERM RENEWABLE ENERGY AND CLEAN STORAGE INVESTMENTS IN 2027

WHEREAS The Ava Community Energy Authority ("Ava") was formed as a community choice aggregation agency ("CCA") on December 1, 2016, Under the Joint Exercise of Power Act, California Government Code sections 6500 *et seq.,* among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions. The cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of Ava and parties to the JPA in March of 2020. The city of Stockton, located in San Joaquin County was added as a member of Ava and party to the JPA in September of 2022. The city of Lathrop, located in San Joaquin County, was added as a member to Ava and party to the JPA in October of 2023. On October 24, 2023, the Authority legally adopted the name Ava Community Energy Authority, where it had previously used the name East Bay Community Energy Authority since its inception.

WHEREAS with the approval of the 2022-23 fiscal year budget, the Board of Directors (the "Board") approved a portion of surplus revenues to be allocated for long-term renewable energy and clean storage investments (the "Allocation").

WHEREAS following the completion of the audit, the Allocation is $10,504,837 and is held as retained earnings in the GASB 62 Rate Stabilization Fund.

WHEREAS Ava is seeking to procure local, incremental generation and capacity from the 2023 RFO and intends to apply the Allocation to this portfolio of projects as they start delivery in 2027.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF AVA COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

<u>Section 1.</u> Release the Allocation to the General Fund in 2027 at staff discretion of the exact date.

ADOPTED AND APPROVED this 20th day of March 2024.

____

Jack Balch, Chair

ATTEST:

____

Adrian Bankhead, Clerk of the Board

Ava Community Energy

2022-23 Surplus Allocation to Long-Term Renewables

March, 2024

Background: Total Surplus Available

- The Board approved in the budgeting process an allocation to long-term renewable energy and clean storage investments within the budget surplus waterfall from fiscal year 22-23 budget surplus revenues
- Following the completion of the financial audit this amount was determined to be of $10,504,837 and presented to the board at the November 15, 2023 meeting
- This allocation is accounted for within retained earnings in the GASB 62 fund
  - The GASB 62 fund is an accounting treatment that permits the reporting of revenues to be diverted to a later period to account for planned recognition of specific costs to stabilize utility rates and budgets across periods
- This presentation will discuss the options available to recognize these revenues and allocate the

2023 RFO Procurement Update

Initial RFO Target Procurement

- Generation: up to 1000 MW of nameplate capacity
- Storage (paired &/or stand-alone): up to 500 MW of nameplate capacity

Executed/Board Approved Procurement

	As of March 13, 2024
Generation nameplate	475 MW
Storage nameplate	75 MW
Estimated annual generation	685 – 887 GWh

Surplus Allocation Recommendation

- Ava intends to procure incremental generating and storage capacity from the 2023 RFO and apply the budget surplus to this incremental procurement
- Dependent on contract terms and pricing, Ava is seeking to procure renewable energy from one to two additional CA based projects with forecasted annual generation of 735 to 950 GWh
- To the extent contract terms are not suitable Ava may recommend deferring this surplus allocation to a future RFO
- To the extent that additional capacity is procured, Ava would apply the surplus to this incremental generating capacity
- The surplus would be applied regardless of potential project fall-out due to project development risks, such as permitting, interconnection, construction risks. Staff does anticipate some portion of project failure throughout the portfolio

Portfolio Summary

Attachment Staff Report Item 22B

Project	Project CO.	Developer	Location	Current Status	Agreement Type	Actual COD	Duration (yr)
Rosamond Central	Golden Fields Solar III, LLC	Clearway	Kern County, CA	Online	PPA	12/21/2020	15
Altamont	Altamonts Winds, LLC	Greenbacker	Alameda County, CA	Online	PPA	7/2/2021	20
Tecolote	Tecolote Wind LLC	Pattern	New Mexico	Online	PPA	12/20/2021	10
Henrietta D	Henrietta D Energy Storage LLC	Convergent	Kings County, CA	Online	ESA	12/28/2021	15
Luciana	Tulare Solar Center, LLC	Idemitisu	Tulare County, CA	Online	PPA	4/29/2022	15
Daggett	Daggett Solar Power 3 LLC	Clearway	San Bernardino County, CA	Online	PPA	9/5/2023	15
Oberon	IP Oberon II, LLC	Intersect	Riverside County, CA	Online	PPA	1/1/2024	15 - Energy & RECs 10 - RA
Scarlet I	EDPR Scarlet I LLC	EDP Renewables	Fresno County, CA	Development	PPA	Delayed	20
Corsac Station	FEC Nevada 1 LLC	Fervo	Churchill County, NV	Pre-Construction	PPA	Delayed	15
Tumbleweed_4 hr	Tumbleweed Energy, LLC	REV Renewables	Kern County, CA	Pre-Construction	ESA	6/1/2024	2
Tumbleweed_8 hr	Tumbleweed Energy, LLC	REV Renewables	Kern County, CA	Pre-Construction	ESA	6/1/2026	13
Kola	Kola Energy Storage, LLC	Next Era	San Joaquin County, CA	Pre-Construction	ESA	1/1/2025	20
SunZia	Sunzia Wind PowerCO LLC	Pattern	Lincoln County, NM	Development	PPA	6/1/2024	15
Sun Pond	Sun Pond, LLC	Longroad Energy	Maricopa County, AZ	Pre-Construction	PPA	6/1/2024	20
Zeta Solar	Zeta Solar, LLC	Longroad Energy	Merced County, CA	Pre-Construction	PPA	3/31/2027	20

GASB62 Accounting Treatment

- Once contracts are signed, for accounting purposes we would set the accounting treatment regardless of project development outcomes.

- Staff recommends the release of $10,504,837, which is the board approved Fiscal Year 2022-23 budget surplus allocation to long-term renewable energy and clean storage investments. The amount should be released from the GASB62 retained revenues into the General Fund in 2027 based on the forecasted project online dates

- Other alternatives were considered in terms of timing and amounts for this GASB62 release

- The FAP Subcommittee voted in approval of this staff recommendation in the March 13, 2024 FAP meeting

Attachment Staff Report Item 22B

Staff Report Item 23

TO: Ava Community Energy Authority Board of Directors

FROM: Jason Bartlett, Senior Finance Manager

SUBJECT: Approval for Agreement for Treasury Management Services with PFM Asset Managers

DATE: March 20, 2024

Recommendation

Adopt a resolution authorizing the CEO to negotiate and execute an agreement with PFM Asset Managers to provide treasury management consulting services.

Background and Discussion

In November 2023, the Board of Directors (the Board), approved the allocation of an additional $75 million to the reserve funds, bringing the balance of reserves to approximately $231 million. At the end of the current fiscal year, Ava is expecting to contribute an additional $100 million to reserves. Traditionally, these reserves have been held in interest bearing accounts at River City Bank. However, with this latest addition, the amount has become to large to manage internally and now warrants professional oversight and allocation into safe, liquid instruments.

In the last quarter of 2023, staff conducted a request for proposals (RFP) for qualified fiduciaries to perform treasury management services of Ava's reserve funds. Four firms submitted responses: Chandler Asset Managers, PFM Asset Managers (PFMAM), PNC Financial Services, and Raymond James. All proposals were reviewed and the top two scoring responders were interviewed in person.

Evaluations were based upon the following groups of criteria (not in order of any preference or weight):

- Experience & Qualifications
- Compliance & Controls
- Approach to Treasury Management
- Client Services & Reporting
- Quality of References
- Cost/Pricing
- Additional Supporting Filings & Documentation

PFMAM scored the highest in both the proposal review and the interview stages and is the staff selection for treasury management.

PFMAM comes with a highly impressive track record of providing quality, fiduciary management services to over 180 California government clients over the last 43 years. They currently manage about $214.9 billion assets including the California Asset Manage Program (CAMP), which is the second largest public investment pool in the State behind the Local Agency Investment Fund (LAIF). The manage $565 million for seven public energy agencies and CCA's, including Peninsula Clean Energy and Silicon Valley Clean Energy. They are also advisors for multiple Ava constituents, including the City of Albany, City of Fremont, and the City of Hayward. PFMAM is also an original sponsor of CalCCA.

The lead advisor, Monique Spyke, has been with PFMAM over 20 years and has a team of six supporting staff members with over 100 years of combined financial management experience.

PFMAM's approach to treasury management covers an extensive process of review, selection, and measurement. All investments are reviewed by a committee prior to execution and are overseen by PFMAM's CIO. All mandates are monitored weekly and compliance checks are done daily. PFMAM advocates a "culture of compliance" with automated protocols checks, pre-and-post-trade reviews, and full reporting transparency.

Additionally, PFMAM provides the following advantages that put them above their competitors:

- Works primarily with US Bank, where Ava holds its credit facility, but has working relationships with about 20 custodians in all to allow for portability of accounts if required;
- Committed to Socially Responsible Investing (SRI) on behalf of municipal clients, can customize investment policy to Ava's preferences, and can leverage full ESG management;

- Offers full reporting and client services suite, including presenting to the Board on a quarterly basis;
- Fully compliant with all SEC regulations, filings, and protocols since inception;
- Delivered a very competitive bid.

The scope of work for treasury management services will include but not be limited to the following areas of support to staff:

- Work with staff to develop a comprehensive and inclusive investment policy
- Continuous assessment of investments with regards to Federal and State regulations and Ava Board approved investment policy
- Assess market risk of investments and provide regular reporting for staff and Board

The treasury manager will not have direct access to any Ava accounts, but will track, report, and advise on investment balances, transactions, returns, and benchmarks. Reserve funds are expected to be housed with Ava's selected custodian, US Bank, where Ava currently holds a $200 million credit facility.

Fiscal Impact

The estimated cost for PFMAM's fiduciary and treasury management services is approximately $150,850 per year with the current reserve balance of $231 million. Costs would increase by $35,000 per year per $100 million of additional reserve amounts (3.5 basis points, or 0.035%, or $0.00035 per dollar).

Committee Recommendation

The Finance, Administrative, and Procurement (FAP) subcommittee has reviewed this item and has approved it to be brought to the Board of Directors.

Attachments

A. Resolution to Approve PFMAM for Treasury Management Services

RESOLUTION NO. R-2024-XX

A RESOLUTION OF THE BOARD OF DIRECTORS

OF AVA COMMUNITY ENERGY AUTHORITY AUTHORIZING THE CEO TO

NEGOTIATE AND EXECUTE AN AGREEMENT WITH PFM ASSET MANAGERS

WHEREAS The Ava Community Energy Authority ("Ava") was formed as a community choice aggregation agency ("CCA") on December 1, 2016, Under the Joint Exercise of Power Act, California Government Code sections 6500 *et seq.,* among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions. The cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of Ava and parties to the JPA in March of 2020. The city of Stockton, located in San Joaquin County was added as a member of Ava and party to the JPA in September of 2022. The city of Lathrop, located in San Joaquin County, was added as a member to Ava and party to the JPA in October of 2023. On October 24, 2023, the Authority legally adopted the name Ava Community Energy Authority, where it had previously used the name East Bay Community Energy Authority since its inception.

WHEREAS Ava seeks treasury management support with investing reserve funds and other retired working capital.

WHEREAS Ava issued a Request for Proposals for Treasury Management Services in October 2023 and received a conforming bid from PFM Asset Managers.

WHEREAS Ava has negotiated the scope, timeline, goals, and cost to begin services.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF AVA COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The CEO is hereby authorized to negotiate and execute an Agreement for Treasury Management Services with PFM Asset Managers.

ADOPTED AND APPROVED this 20th day of March, 2024.

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Jack Balch, Chair

ATTEST:

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Adrian Bankhead, Clerk of the Board

Gmail **Adrian Bankhead <abankhead@avaenergy.org>**

Item 24 - Ava Community Energy Investment Policy (March 30, 2024)

Tom Kelly <tkelly@kyotousa.org> Mon, Mar 18, 2024 at 10:45 AM
To: Adrian Bankhead <abankhead@ebce.org>

Dear Adrian,

Please distribute to the Ava Board and CAC. Thank you.

Tom Kelly
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Dear AVA Community Energy Board Members and Community Advisory Committee Members:

We are pleased to see that AVA Community Energy is considering investing a portion of its substantial reserve funds in Socially Responsible Investments (SRI). We would like to point out, however, that the staff report includes the following statement:
Staff has also added a section on Socially Responsible Investing (SRI) prohibiting Ava from investing in any corporate instrument originating from any company whose primary business (emphasis added) involves one or more of the following activities:
* Fossil fuel extraction, refining, and distribution
* Tobacco manufacturing and production
* Firearms manufacturing or distribution

The staff memo does not, in our view, correctly describe Socially Responsible Investing. Please consider a more accurate and expansive definition offered by Investopedia:

Socially responsible investing<https://www.investopedia.com/socially-responsible-investing-4689738> goes one step further than ESG (Environmental, Social, Governance) by eliminating or adding investments based solely on a specific ethical consideration. For example, an investor might opt to avoid any mutual fund or exchange traded fund (ETF) <https://www.investopedia.com/terms/e/etf.asp> that owns the stocks of firearms manufacturers<https://www.investopedia.com/news/how-one-etf-issuer-dealing-firearms-makers/>. Alternatively, an investor might seek to allocate a fixed proportion of their portfolio to companies that donate a high proportion of their profits to charitable causes.

Socially responsible investors might also avoid companies associated with:

* Alcohol, tobacco, and other addictive substances
* Gambling
* Weapons production
* Human rights and labor violations
* Environmental damage

We encourage you to follow the guidelines for SRI as described by Investopedia and avoid any investments in companies, banks, bonds, stocks, etc. that are involved in any business (primary or otherwise) related to the criteria for SRI described above.

Thank you.

Tom and Jane Kelly
Berkeley

winmail.dat
24K

To: Board of Directors, Ava Community Energy

From: Audrey Ichinose
East Bay Clean Power Alliance
California Alliance for Community Energy

Re: Item #3, Public Comment, Board of Directors Meeting, March 20, 2024

Thank you for taking this Public Comment.

I wish to follow up on the extremely useful discussion regarding the definition of Resilience Hubs (RH) at the March 18 CAC meeting concerning Resilience Hubs (Item #5).

The discussion marked a great start in our agency's response to the critical needs of our many and varied disadvantaged communities, especially now that unpredictable, severe climate effects can no longer be denied.

The discussion was very fruitful, but one important topic was missed: how to pay for the establishment and operation of RHs. We need to think hard about how to pay for facility operations and staffing. This has a direct bearing on the sustainability of RHs **in the long run**. Given the emerging challenges of climate effects, it should not be left to short-term grant funding.

One possible approach to financing is to regard Resilience Hubs as facilities akin to local government facilities, not unlike fire houses, police stations, senior centers, etc.

If we look at RHs in this way as part of a city's energy infrastructure, we might go a long way toward making RH financially self-sustaining.

Is this approach realistic? Could RHs fit into the larger picture of local distributed energy resources, while also benefiting underserved communities and promoting local jobs and businesses?

We could start by answering some basic questions:

- How are fire houses, police stations, etc. that have solar/storage treated in terms of city budgets re 1) initial investment and 2) ongoing budgetary expenses and revenue?

- How does the IOU (and Ava as part of the energy supplier) treat these local government facilities? Do the latter receive any price breaks? Do member municipalities aggregate their solar/storage, and how do they benefit from any surplus generation?
- If member municipalities could individually or collectively aggregate RH solar/storage, how could they benefit from any dispatchable generation?

Thank you for taking this public comment.