



## **Staff Report Item 5**

**TO:** Ava Community Energy Authority Executive Committee

**FROM:** Annie Henderson, Chief Customer Officer

**SUBJECT:** **Recommendation for Enrollment of Customers in Lathrop and Stockton in April 2025**

**DATE:** March 6, 2024

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### **Recommendation**

Accept the staff recommendation to begin customer enrollment for residents of Stockton and Lathrop in April 2025.

### **Background and Discussion**

Ava Community Energy's initial customer enrollment occurred in two phases in 2018 - commercial customers in June and residential customers in November. With more experience and tested systems, the enrollment of Newark, Pleasanton, and Tracy occurred in a single phase of all customers in April 2021.

The cities of Stockton and Lathrop have received CPUC approval for a start of Ava service as early as January 2025. Staff looked at several factors when considering a recommended enrollment launch date:

- Ava Financials: Cost to serve and revenue
- Operations: Complexity of phasing
- Customer Awareness: External factors on marketing & outreach
- Customer Financials: Historic trends in monthly bill costs

The leading consideration was financial impact to the agency. Analysis was done specific to the load profiles of Stockton and Lathrop and under different scenarios regarding the extent of our open position for energy procurement, as well as considering three enrollment options:

- 1) All customers in January,
- 2) All customers in April, and
- 3) Split - Residential customers in January and commercial customers in April.

There was a clear negative financial impact under the scenario of enrolling all customers in January under the 100% open position scenario, which eliminated this option from consideration. Both options 2 and 3 were net positive but with a relatively minimal dollar impact compared to the overall procurement budget.

Options 2 and 3 were then analyzed based on the remaining considerations of operational complexity, customer awareness, and customer financials. An “all in April” enrollment is preferred in all cases due to simplicity, avoidance of customer notifications<sup>1</sup> during a crowded electoral and holiday season under option 1 & 3, and generally lower cost customer bills in April compared to January. Staff acknowledges that Ava will in fact reduce customer bills compared to the cost if served by PG&E; however, there is a concern that if a customer’s bill is high and they see something new or different (Ava charges) they will be inclined to assign that additional cost to Ava Community Energy and choose to opt out of our service.

Of special note, solar net-energy-metered customers in these cities will be enrolled on a staggered basis over the course of a year based on their “true-up date”, no sooner than the initial enrollment launch in April. This avoids or minimizes the impact to a customer having two account true-ups in a single 12-month cycle.

### **Fiscal Impact**

The recommendation to enroll all customers in Stockton and Lathrop in April 2025 has a net positive impact on the agency financials based on the analysis performed by staff.

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<sup>1</sup> Ava is required to send customers notifications in the two months prior to enrollment and two months post enrollment. A January launch would require notices to be sent in November, during a Presidential election year, and December, during the holiday season. For an April enrollment, initial notifications would be mailed in February and March.