

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

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 Tecolote	Altamonts Winds, LLC	Greenbacker Pattern	Alameda County, CA New Mexico	Online	PPA	7/2/2021	20
Henrietta D	Tecolote Wind LLC	Convergent	Kings County, CA	Online	PPA	12/20/2021	10
Luciana	Henrietta D Energy Storage LLC	Idemitsu	Tulare County, CA	Online	ESA	12/28/2021	15
Daggett	Tulare Solar Center, LLC	Clearway	San Bernardino County, CA	Online	PPA	4/29/2022	15
Oberon	Daggett Solar Power 3 LLC	Intersect	Riverside County, CA	Online	PPA	9/5/2023	15
Scarlet I	IP Oberon II, LLC	EDP Renewables	Fresno County, CA	Development	PPA	1/1/2024	15 - Energy & RECs 10 - RA
Corsac Station	EDPR Scarlet I LLC	Fervo	Churchill County, NV	Pre-Construction	PPA	Delayed	20
Tumbleweed_4hr	FEC Nevada 1 LLC	REV Renewables	Kern County, CA	Pre-Construction	ESA	6/1/2024	2
Tumbleweed_8hr	Tumbleweed Energy, LLC	REV Renewables	Kern County, CA	Pre-Construction	ESA	6/1/2026	13
Kola	Tumbleweed Energy, LLC	Next Era	San Joaquin County, CA	Pre-Construction	ESA	1/1/2025	20
SunZia	Kola Energy Storage, LLC	Pattern	Lincoln County, NM	Development	PPA	6/1/2024	15
Sun Pond	Sunzia Wind PowerCO LLC	Longroad Energy	Maricopa County, AZ	Pre-Construction	PPA	6/1/2024	20
Zeta Solar	Sun Pond, 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 releasing the full \$10,504,837 in 2027 based on the forecasted project online dates
- Alternative Approaches for GASB 62 Treatment:
 - On July 1, 2024, release it all into the general funds
 - Starting on July 1, 2027 - release equal amounts from the GASB62 account annually over the course of 15 years



Community Energy