



## **Financial, Administrative and Procurement Subcommittee Meeting**

Wednesday, July 10, 2024  
1:00 pm

### In Person:

Conference Room 5  
Ava Community Energy  
1999 Harrison Street, Suite 2300  
Oakland, CA 94612

### Or from the following locations:

- Clipper Club, 5 Captain Drive, Emeryville, CA 94608
- 1755 Harvest Landing Lane, Tracy, CA 95376

### Via Zoom:

<https://ebce-org.zoom.us/j/83599993289>

### Or join by phone:

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: 835 9999 3289

*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) 707-1764 or [cob@avaenergy.org](mailto:cob@avaenergy.org).*

*If you have anything that you wish to be distributed to the Finance, Administration and Procurement Subcommittee, please email it to the clerk by 5:00 pm the day prior to the meeting.*

### **1. Welcome & Roll Call**

### **2. Public Comment**

*This item is reserved for persons wishing to address the FAP Subcommittee on any Ava-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 three minutes per speaker. The FAP Chair may increase or decrease the time allotted to each speaker.*

**3. Approval of Minutes from May 8, 2024**

**4. Renewable 100 (R100) Cost Allocation Methodology and Fremont Renewable 100 Citywide Default (Informational Item)**

Discuss impact of overview of cost allocation methodology options for pricing Renewable 100 and Bright Choice and the potential impact of Renewable 100 citywide default. Also, consider two implementation timelines approved by City Council (i.e., all 2025 vs. Phased Res/Com 2025/2026).

**5. San Joaquin County JPA Membership (Informational Item)**

Discuss potential impact of including unincorporated San Joaquin County within Ava's JPA and service territory (2026 enrollment).

**6. Committee Member and Staff Announcements including requests to place items on future Board Agendas**

**7. Adjourn**

The next Financial, Administrative and Procurement Subcommittee meeting will be held on Wednesday, September 11, 2024 at 1pm.

Conference Room 5  
Ava Community Energy  
1999 Harrison Street, Suite 2300  
Oakland, CA 94612



**Draft Minutes**

**Financial, Administrative and Procurement Subcommittee Meeting**

Wednesday, May 8, 2024

1:00 pm

In Person:

Conference Room 5  
Ava Community Energy  
1999 Harrison Street, Suite 2300  
Oakland, CA 94612

Or from the following locations:

- Member Kaur – Clipper Club, 5 Captain Drive, Emeryville, CA 94608
- Member Andersen – Piedmont City Hall Conference Room, 120 Vista Ave, Piedmont, CA 94611
- Member Bedolla – 1755 Harvest Landing Lane, Tracy, CA 95376

Via Zoom:

<https://ebce-org.zoom.us/j/83599993289>

Or join by phone:

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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**1. Welcome & Roll Call**

**Present:** Directors: Andersen (Piedmont), Gonzalez (San Leandro).and Kaur (Emeryville)

**Not Present:** Director Bedolla (Tracy).and Chair Cox (Fremont)

**Member Kaur** served as chair for this meeting.

## 2. Public Comment

*This item is reserved for persons wishing to address the FAP Subcommittee on any Ava-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 three minutes per speaker. The FAP Chair may increase or decrease the time allotted to each speaker.*

**(1:47) Public Comment - Jessica Tovar**, representing the Local Clean Energy Alliance and East Bay Clean Power Alliance, reiterated the request for Ava to allocate \$15 million to support community resilience hubs.

**(4:03) Public Comment - Jordan Ackerman** from the Construction Trades Workforce Initiative spoke about the potential of the resilience hub program to provide high quality employment opportunities, and he expressed hope that the developer would collaborate with the Building Trades to establish an agreement before returning to the board.

## 3. Approval of Minutes from March 13, 2024

**(5:08) Member Andersen motioned to approve the minutes. Member Gonzalez seconded the motion, which passed 3/0/0/0/2.**

**Yes: Members Andersen, Gonzalez and Kaur.**

**No: none**

**Abstain: none**

**Recuse: none**

**Not Present: Chair Cox and Member Bedolla.**

## 4. FY 2024-25 Draft Budget Review (Informational Item)

Review the draft budget for fiscal year 2024-2025

**(6:33) Howard Chang** presented the draft budget for fiscal year 2024-2025, noting that it is similar to previous years with a few updates. Howard highlighted key assumptions such as maintaining a \$50 bill credit for CARE/FERA customers, proposing a 7% discount for Bright Choice, and increasing carbon-free procurement targets. The budget includes a strong financial forecast with a \$153 million net position, a significant reserve contribution, and proposed staffing increases.

**(37:13) Member Andersen** asked for clarification on Ava Community Energy's reserve goal. **Howard Chang** responded that the reserve goal is set at 50% of annual operating expenditures, with a range of 25% to 75%. **Member Andersen** also asked about the possibility of decoupling Ava's rate structure from PG&E's rates. **Howard Chang** explained the benefits and potential downsides of coupling the rates – in particular, the need for consistency in customer communication and alignment with PG&E's

transmission and distribution charges.

**(43:44) Member Gonzalez** asked **Howard Chang** to confirm if the cost of service for Ava's coastal region is generally lower than PG&E's average, to which **Howard** said yes. Member Gonzalez then asked about the PCIA, noting that it is currently low due to high energy prices, and sought clarification on understanding electric bills and time-of-use rates. **Member Gonzalez** also asked about the relative proportion of energy costs driven by hedging and spoke about the merit-based compensation increase.

**(58:38) Public Comment – Jessica Tovar** spoke about the Local Development Business Plan as a roadmap for community investments and advocated for its utilization. Jessica Tovar stated that community grants are not reaching community-based organizations as intended and spoke in support of the need for more funding to support these organizations.

#### **5. Auditor Selection (Informational Item)**

Review Ava's selection for Auditor

**(1:03:48) Jason Bartlett** presented the auditor selection process for Ava's fiscal year 2024-2025. He stated that Piseni & Brinker has been Ava's auditor for the past six years, but due to regulatory requirements, Ava must change the lead audit partner. After a thorough RFP process, staff recommended continuing with P&B and requested guidance on whether to engage Piseni & Brinker for a three-year term with an option to extend or a full six-year term..

#### **6. Committee Member and Staff Announcements including requests to place items on future Board Agendas**

*There were no Committee Member or Staff Announcements.*

#### **7. Adjourned at 2:23pm.**

The next Financial, Administrative and Procurement Subcommittee meeting will be held on Wednesday, July 10, 2024 at 1pm.

Conference Room 5  
Ava Community Energy  
1999 Harrison Street, Suite 2300  
Oakland, CA 94612

*Minutes written by Adrian Bankhead.*

# Renewable 100 Cost Allocation Methodology

July 10, 2024



1. Background
2. Renewable Cost Allocation  
Methodology Options
3. Rate Implications
4. Feedback & Next Steps



# Background

- Ava Community Energy provides our customers with a choice of service plan
  - Bright Choice: 50-60% renewables, priced at 5% below PG&E
  - Renewable 100: 100% renewables, priced at ¼ cent per kWh above PG&E
- Historically, Renewable 100 pricing is set at a premium to PG&E rates. This premium is set based on the differential cost to serve R100 customers relative to Bright Choice customers.
  - Certain components of the rates are rising
  - Historically Ava has blended all renewable energy costs uniformly across Bright Choice and R100 with the cost differential based on the increased % of renewable energy in R100.
  - Our historical method of allocating costs associated with energy components may not be the best option for our customers and our agency moving forward due to rising renewable energy costs and large changes to R100 city-wide opt-ups.

Ava requires a Cost Allocation Method to formally allocate procurement costs from renewables to develop our Renewable 100 and Bright Choice rates





# Ava Service Plans: Renewable 100 and Bright Choice



Renewable 100  
is 100% renewable energy



Bright Choice's power mix  
includes renewables and carbon-free  
energy

Reminder: renewable energy is tracked via Renewable Energy  
Certificates (RECs), which may be priced separately from energy



# City of Fremont Renewable 100 Transition

- The City of Fremont adopted an updated Climate Action Plan (CAP) in October 2023
- Transitioning Fremont residents and businesses from Ava's Bright Choice to Renewable 100 is identified as a key step in meeting the City's climate goals; a step to be taken in the first three years after plan adoption
- Fremont and Ava staff started to collaborate on a plan to bring Council and Board items forward in time to meet Ava's May 2024 deadline for a transition in March 2025
  - Ava staff required additional time to forecast potential price impacts due to Fremont's default product change
- Ava will honor the intention of Fremont to begin to transition their constituents to Renewable 100 in 2025, despite the delay
  - Fremont Council approved either a Citywide transition in 2025 or a phased approach – residential in 2025 and non-residential in 2026, pending Ava's Board approval

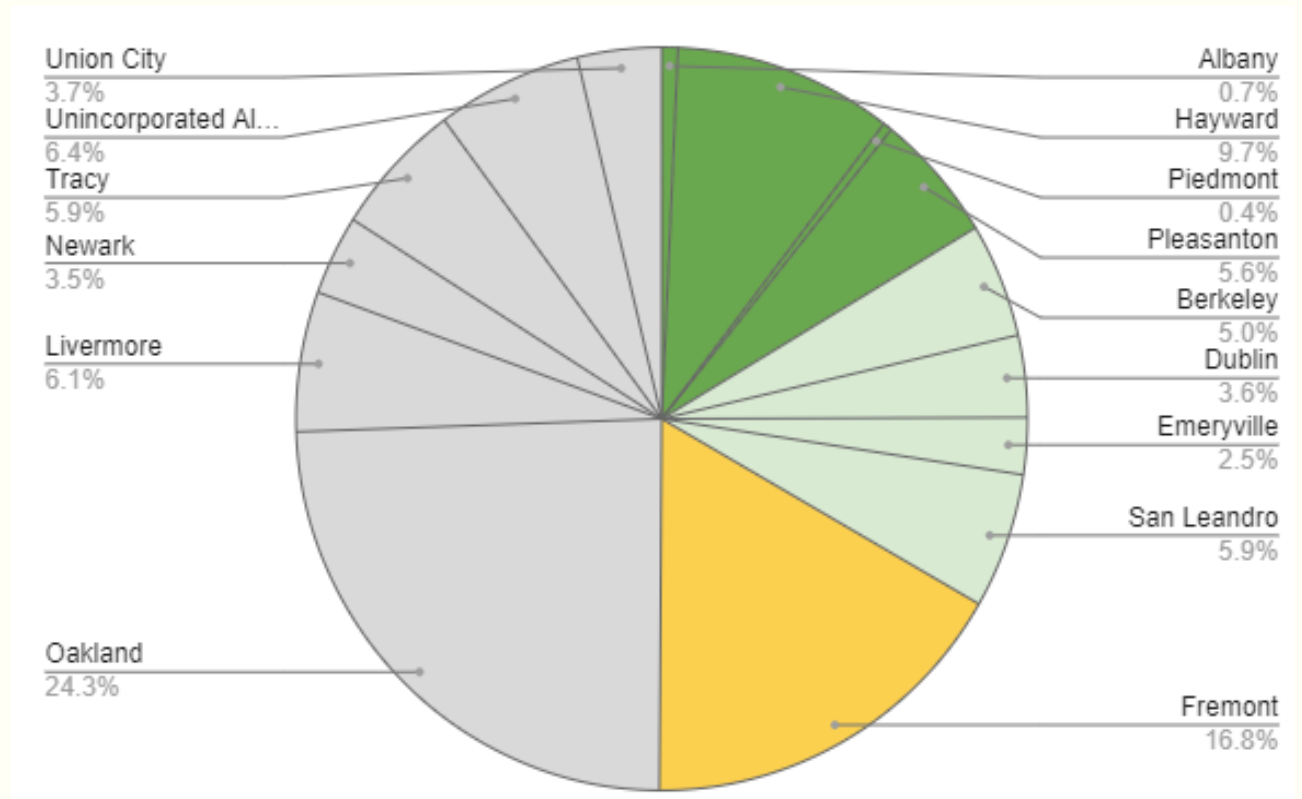


# Why is there a Price Impact for a Fremont Opt-up, but not Historically?

1. Historical market prices for RECs were much more stable in 2021-2022 when other cities transitioned to Renewable 100 and the price for spot market RECs and long-term contracts was much tighter
2. Fremont's total load is greater than other cities that have previously changed their default service plan

First tranche to default to R100

Second tranche to default to R100



# Cost Allocation Methodology Options



# Options: How to Blend Renewable Energy Components into a Rate

Option	Description	Methodology
A	Blended REC cost	REC price is averaged across entire portfolio at the same cost/MWh for Bright Choice and R100
B	Proportional allocation of historical recs	The historical REC portfolio blended cost is allocated proportionately to the current load across BC and R100. Incremental renewable purchases are allocated to the open positions. With new R100 opt-ups a larger proportion of marginal procurements is allocated to R100. This widens the cost differential.
C	Bright Choice target hedge levels prioritized first	The historical REC portfolio blended cost is prioritized towards Bright Choice targets first and then allocated to R100. This further widens the cost differential in the current high priced environment.



# Energy Prices

- In today's energy market environment, renewable energy prices have increased significantly from the historical range of \$10-15/MWh to \$70-80/MWh on a current year basis
- This is driven by a wide variety of market dynamics, which include increased demand for renewable energy, increased load and weather extremes, renewable energy supply chain disruptions, interconnection challenges, out of state energy demand, etc.
- While there are opportunities to reduce this cost with new build and longer-term contracts, incremental renewable energy procurement is anticipated to be at elevated prices for the near term



# Rate Implications



# Cost Allocation Methodology Scenarios

- 2024-2025 fiscal year rates are not currently under discussion as procurements are set with no material impacts to costs because Fremont opt-up will be in April 2025 and likely phased
- Calendar year 2025 Bright Choice to R100 rate differential is ~0.75 cents/KWh
  - Bright Choice at 5% discount to PG&E; R100 at 0.25 cent/KWh premium to PG&E

## Renewable 100 to Bright Choice Cost Differential

	Option A	Option B	Option C
2025-2026 Cost Differential	Differential maintained	Option A + 0.25 cents	Option A + 0.5 cents
2025-2026 Value Proposition	BC: 4% discount R100: 0.30 cents	BC: 5% discount R100: 0.45 cents	BC: 5.5% R100: 0.65 cents
2026-2027 (Assume continued elevated prices and potential additional R100 opt-ups)	Costs will likely continue to increase and further widen, which puts pressure on the BC discount to decrease and R100 premium to increase.		





# Considerations

- Increased renewable energy demand at higher prices will increase Ava procurement costs and put increased pressure to reduce the value proposition in future years
- Options B and C allow the BC discount to be maintained in the face of rising costs
- Operationally, options B and C would increase complexity from a cost accounting perspective, requiring specific contract allocations by product and perhaps R100 vintage year
- It is important for staff to receive direction from the board in order to allow for time to implement systems and processes if the cost allocation methodology is to change and to properly inform cities with R100 opt-up interest on cost/rate forecasts
- The impacts of the increased marginal costs of incremental renewables procurement can be muted by signing longer term contracts, but this also increases risk in future years as long-term contracts are at elevated levels relative to recent past and compliance requirements and emissions accounting methodology are expected to change.



# Next Steps

- Seeking feedback on the cost allocation methodology now
- Intend to bring the cost allocation methodology for board action July 17, 2024
- Intend to bring the Fremont city-wide R100 opt-up decision for board action July 17, 2024 to approve the R100 opt-up and the phasing timeframe
- Staff to use this methodology to set pricing for FY2025-2026



# Thank you!



Online

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[PoweredWithAva](#)



Community Energy

Inclusion of New Communities:  
San Joaquin County  
(unincorporated)



# Background

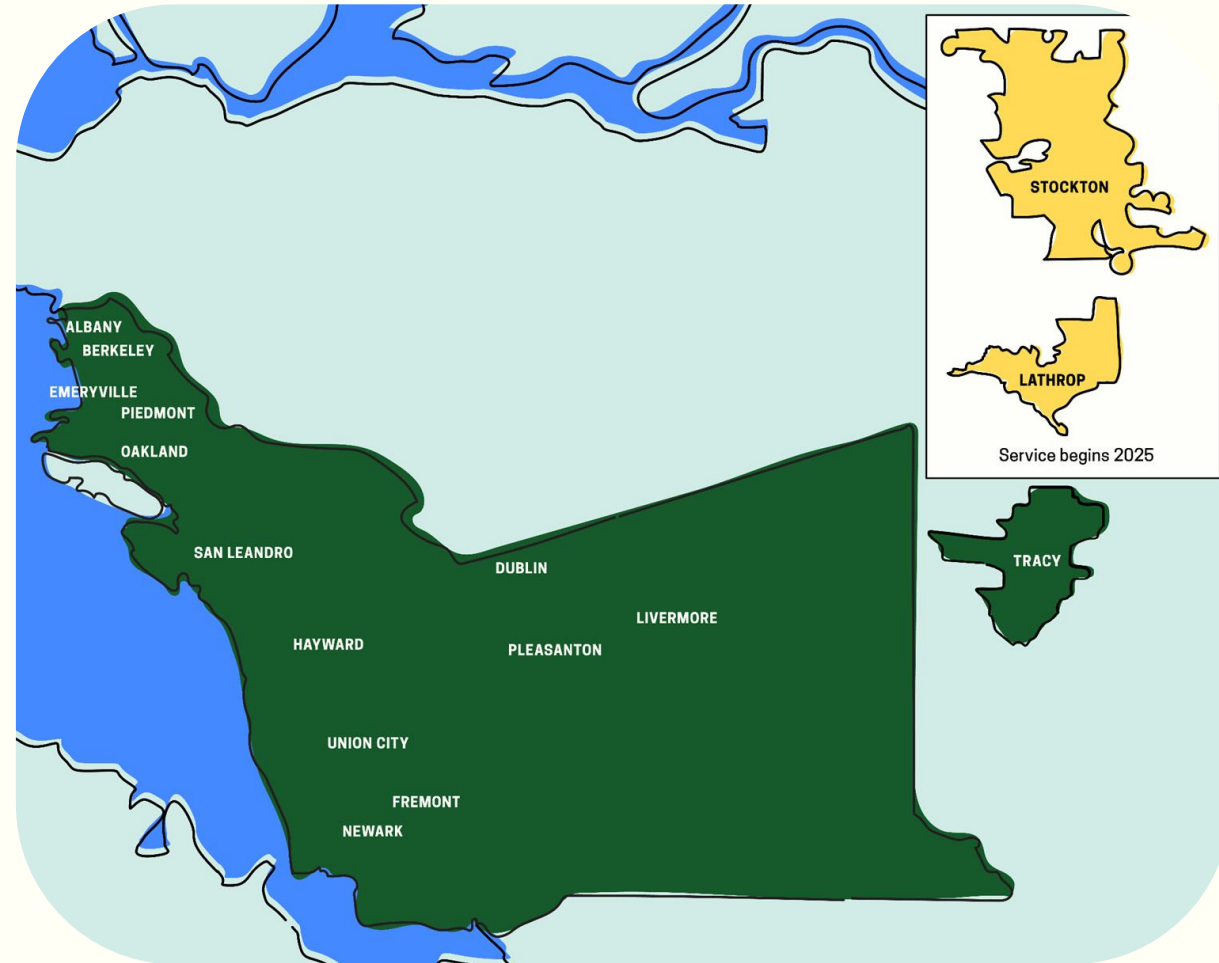
1. Ava Joint Powers Agreement (JPA) Sec. 3.1 ("Addition of Parties")
2. Previously invoked to include the following JPA members:
  - Cities of Newark, Pleasanton, and Tracy (2019)
  - City of Stockton (2022)
  - City of Lathrop (2023)
3. CPUC Reso E-4907: Requires one-year wait between JPA membership/CPUC Implementation Plan submission and start of Ava service to new JPA member-jurisdiction
  - Board approval re JPA membership during CY 2024 = Start of service CY 2026
4. In 2023, CPUC's new Resource Adequacy (RA) requirements delayed Stockton's start of service until 2025
5. Lathrop & Stockton: Ava service scheduled to begin April 2025
6. San Joaquin County (unincorporated): If approved CY 2024, service could begin CY 2026
  - Enrollment could be phased by sector/customer category:
    - E.g., three phases: Q 1/Jan: Muni/Com ----> Q2/April: Res ----> Q4/Oct: Agr (or Q1 '27)



# Ava Member Jurisdictions

Ava's current Joint Powers Authority (JPA) and service area include: Alameda County, all AC cities (except the City of Alameda), and the City of Tracy in San Joaquin County (SJC).

In 2019, Tracy became the first SJC jurisdiction to join Ava's JPA. The SJC cities of Stockton and Lathrop joined the JPA in 2022 and 2023, respectively. These latter two SJC cities are scheduled to begin service with Ava in 2025.



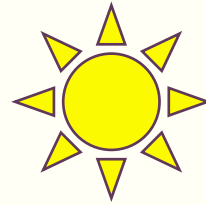
# San Joaquin County: Key Ava JPA Membership Milestones

1. **July 28, 2022:** Ava staff invited by SJC Sup. Rickman (former Mayor of Tracy) to meet with County Administrator & staff;
  - PG&E load data forms requested by Ava
2. **Sept. 26, 2023:** Ava staff invited to present to SJC Board of Supervisors (BOS). Unanimous vote to proceed with Ava membership & approve PG&E load data request for Ava's analysis;
3. **October 12, 2023:** County's PG&E Load Data Request forms fully executed by SJC & PG&E
4. **March 12, 2024:** BOS unanimously passes first reading of CCA/Ava ordinance
5. **March 21, 2024:** PG&E provides SJC load data for Ava's analysis (w/errors & missing info)
6. **April 9, 2024:** BOS unanimously passes CCA ordinance and Resolution to join Ava
7. **June 27, 2024:** SJC's executed JPA signature page sent to Ava





# Timeline: San Joaquin County's Ava Membership & Service



\*Pending Board approval, SJC's 2026 start of service would be scheduled following additional staff analyses to optimize cost, customer experience, and power resource procurement.

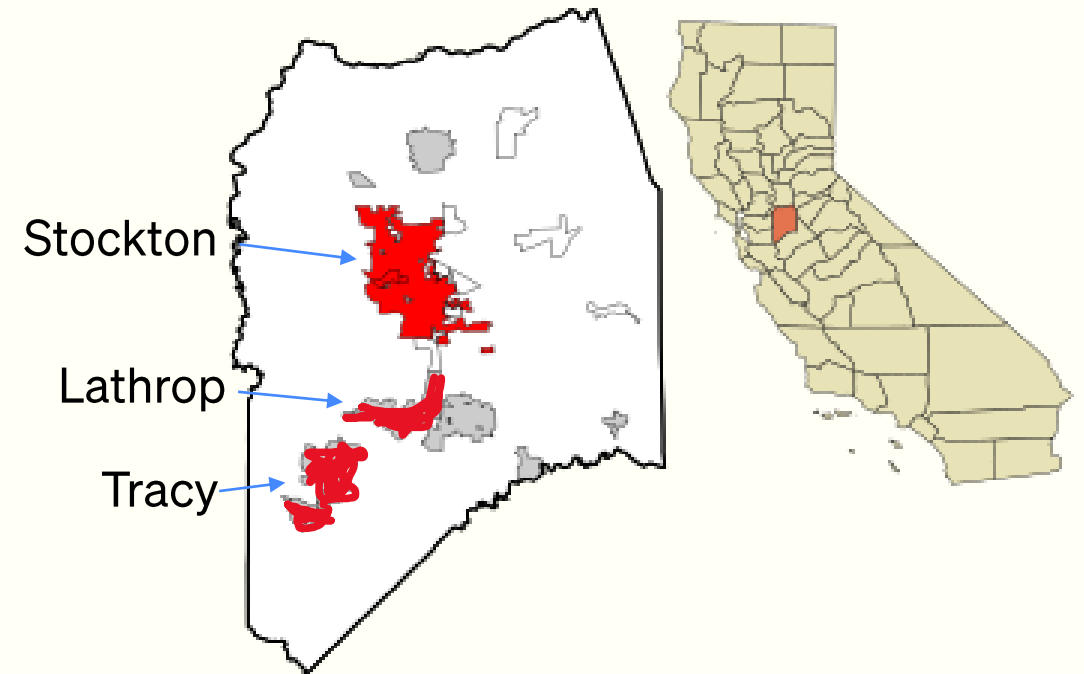
Customer enrollments could occur during a single month/year; or they could be phased by sector.

- E.g., three phases: Q1/Jan: Muni/Com ---> Q2/April: Res ---> Q4/Oct: Agr (or Q1 '27)



# San Joaquin County: Background

- **Features:** Highly agricultural economy; demographic diversity; major transportation corridors (highways and rail lines); Port of Stockton; rich culture/history
- **Pop:** ~800,000 (cities + unincorporated areas) in 2023
  - Unincorporated pop: ~200,000 (smaller than Fremont; larger than Hayward)
  - Growing population & development of new homes (especially Lathrop)
- **Incorporated cities:** Escalon, **Lathrop**, Lodi, Manteca, Ripon, **Stockton**, **Tracy**...Mountain House (tbd)
- **Notes:**
  - County Seat: Stockton
  - Mountain House in process of incorporating
  - [Valley Link](#) (hydrogen-powered train connecting AC & SJC—under construction 2025-2027)
  - Altamont = major commuter corridor of AC & SJC



# Qualitative Considerations: SJC re Ava's Mission & Strategy

## 1. Mission: Ava service to SJC accelerates progress toward JPA's express purpose

- Expand access to competitively-priced renewable energy
- Reduce greenhouse gas (GHG) emissions
- Provide lower rates than PG&E
- Catalyze local development & innovative programs
- Advance environmental justice

## 2. Strategy: Ava service to SJC creates strategic opportunities for the agency

- Economies of scale re long-term power procurement and retail rate savings
- Broader policy/political network re State/Federal legislative & regulatory issues
- Sector-specific programs & project development
  - e.g. AgFIT; Valley Link fuel cell (green hydrogen) train
- Transportation corridors for EV charging network
  - I 5; I 205; I 580; Hwy 4; Hwy 12; Hwy 26; Hwy 88; Hwy 99; Hwy 120
- Expanded stakeholder engagement in historically marginalized communities



# Unincorporated SJC : Membership Analysis Summary

## Notable Features of unincorporated SJC

- Similar in size to Stockton (load) and Hayward (number of accounts);
- Compared to unincorporated Alameda Co, SJC has ~12% more accounts—and ~2.5 times the load;
- Higher percentage of Agricultural (Agr) load
  - Agr represents nearly ~28% of load (but only 13% of accounts)
- Would nearly *triple* Ava's Agr load (from ~1.5% to 4.4%)
- Residential load is ~30% & Commercial (non-Agr) load is nearly 40%
- High solar adoption = potential for negative usage during certain hours of the day/year

## Parameters of Analysis

- Based on current Ava overhead costs and 10-year average energy market values/forecasts;
- Assumes 7% account opt out rate (slightly above Ava's current service area-wide opt out rate)
- Applies Ava's 2025 rates from 2024-25 budget development
- Data excludes ineligible loads (e.g., Irrigation Districts and Direct Access customers);
- Applies 2023 PG&E load data for County customers (the most recent available)



# Summary Data

	Customer Count	Annual Load (GWh)	Peak Load (Wholesale MW)	Peak Date & Time (Hour Starting)
Existing Ava	642,529	6,512	1233	2023-08-23 18:00
Stockton & Lathrop	118,089	1,221	391	2023-08-15 18:00
SJC Unincorporated	58,003	1,006	275	2023-08-15 18:00
Combined	818,621	8,739	1875	2023-08-15 18:00

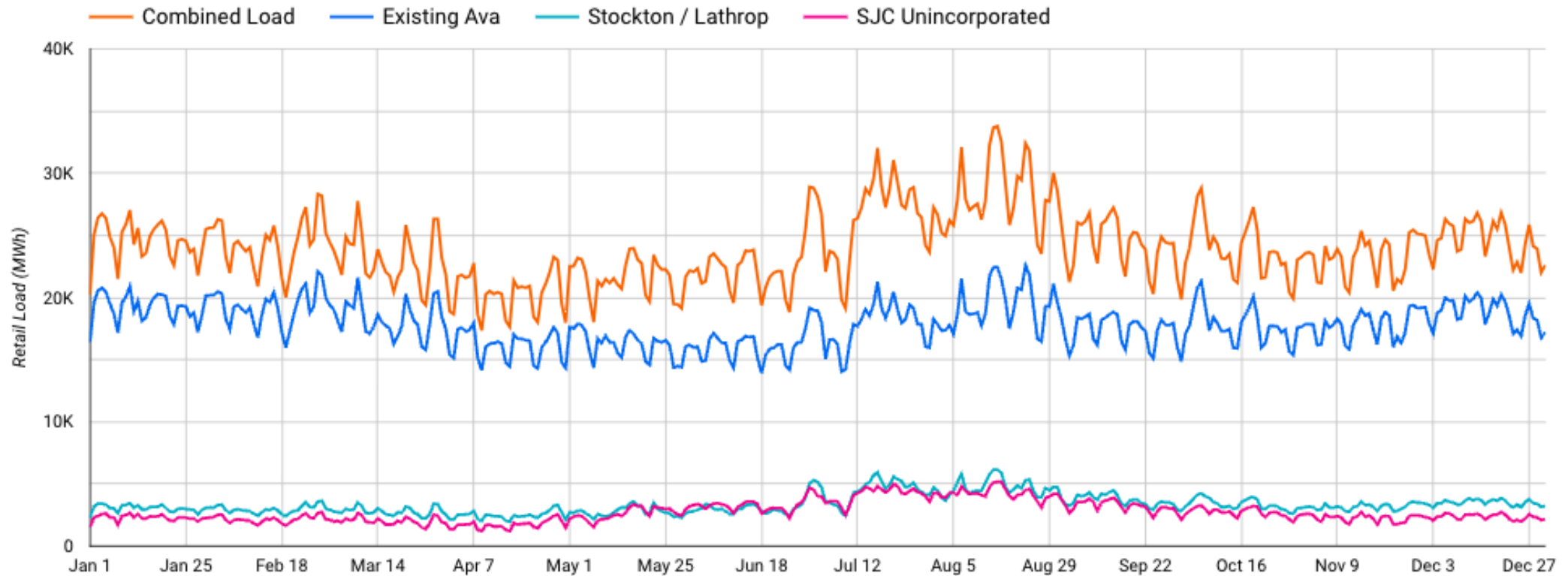
## Historical Load in 2023 (MWh)

Rate Class	Existing Ava		Stockton & Lathrop		SJC Unincorporated		Combined Load	
	2023 MWh	%	2023 MWh	%	2023 MWh	%	2023 MWh	%
A1	908,883	13.96%	139,081	11.39%	77,985	7.75%	1,125,949	12.88%
A10	946,153	14.53%	156,089	12.78%	68,099	6.77%	1,170,341	13.39%
AGR	96,789	1.49%	2,324	0.19%	282,028	28.04%	381,141	4.36%
E19	1,331,972	20.46%	241,138	19.74%	101,640	10.10%	1,674,750	19.16%
E20	597,945	9.18%	145,526	11.91%	153,006	15.21%	896,477	10.26%
RES	2,519,344	38.69%	519,306	42.51%	320,789	31.89%	3,359,439	38.44%
LS	40,771	0.63%	8,511	0.70%	237	0.02%	49,519	0.57%
TC	7,074	0.11%	1,015	0.08%	557	0.06%	8,645	0.10%
BEV	62,724	0.96%	8,478	0.69%	1,504	0.15%	72,706	0.83%
Total	6,511,655	100.00%	1,221,468	100.00%	1,005,844	100.00%	8,738,967	100.00%

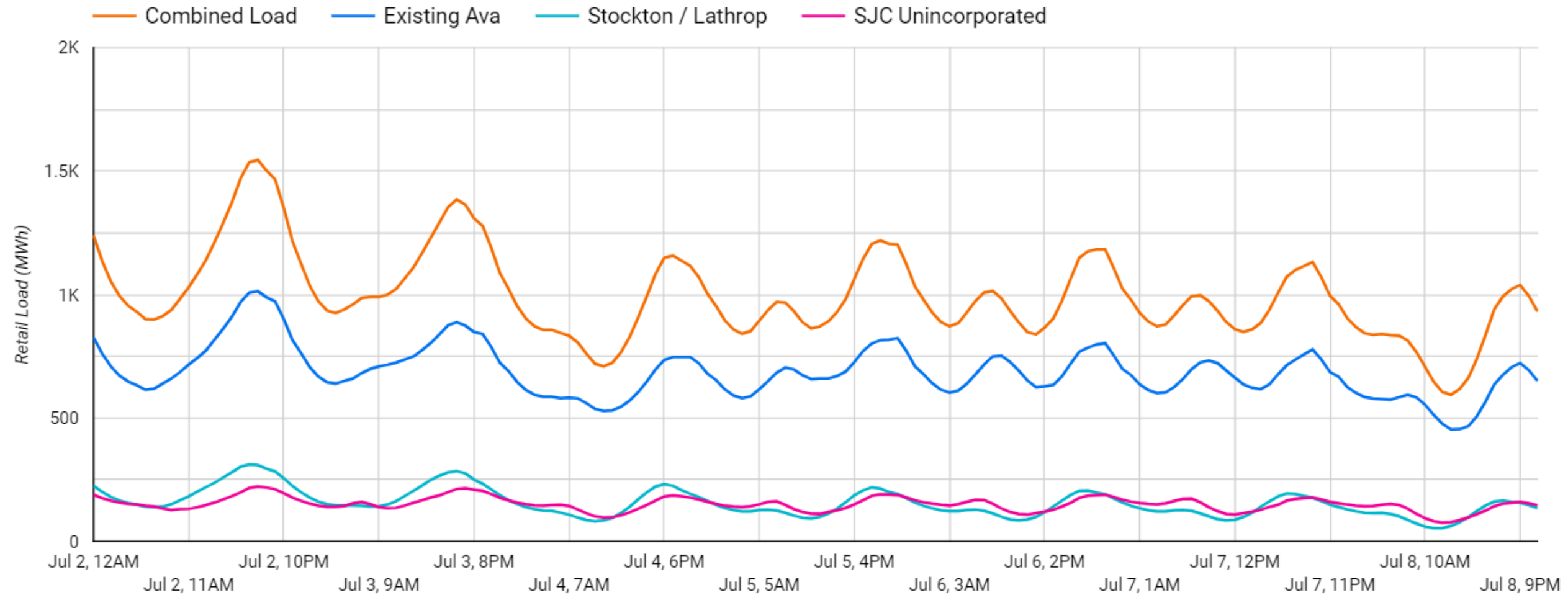


# 2023 Daily Load

2023 Historical Retail Load Comparison



# Summer Hourly Load Shape



# Quantitative Analysis: Base-Case

- Financial Base-Case scenario is based upon expected forward looking estimates for revenues and power resource/energy costs ("PR" = Power Resource)
- The table provides Base-Case assumptions and results for 2026; and are based on estimates as of July 2024
- Data reflects service to SJC for full CY 2026. Exact enrollment timing may be adjusted to optimize cost impacts

	SJC (applying Ava's historical average PR costs)	SJC 2026 (high PR costs)	SJC 2026 (low PR costs)	Ava 2026 (w/out SJC)	Ava w/SJC 2026 (high PR costs)	Ava w/SJC 2026 (low PR costs)
Accounts	58,003	58,003	58,003	760,618	818,621	818,621
Annual Load (GWh/yr)	1,030	1,030	1,030	8,034	9,064	9,064
Peak Load (MW)	314	314	314	1,859	2,173	2,173
Net Position %	+7.95%	-23.4%	-4.6%	+4.6%	+1.9%	+4.1%
Net Position \$	\$10.3M	-\$30.3M	-\$5.7M	\$51.0M	\$20.7M	\$45.3M





# Staff Recommendation

1. **Extend JPA membership to unincorporated San Joaquin County; and**
2. **Authorize staff to update Ava's Implementation Plan (IP) to reflect SJC's membership & resubmit IP to the CPUC by end of 2024.**
  - Expected service in CY 2026, based on CPUC certification by EOY 2024
  - Consider phasing SJC enrollment through 2026 by customer sector
    - Additional analysis needed to optimize phasing

**Timing:** Bring to BOD for vote @ **July 17, 2024**, meeting

- To allow time for staff to submit updated Implementation Plan for CPUC certification by **Sept 30, 2024**.
  - CPUC has 90 days to certify Ava's updated plan
- December CPUC certification needed to make the 2026 Resource Adequacy (RA) filing including new County load;
- Back up timeline: Sept 18, 2024, BOD meeting (requires preemptive draft of updated IP)



# Thank you!



Online

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Social

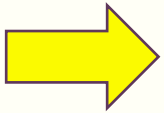
[PoweredWithAva](#)

Additional slides



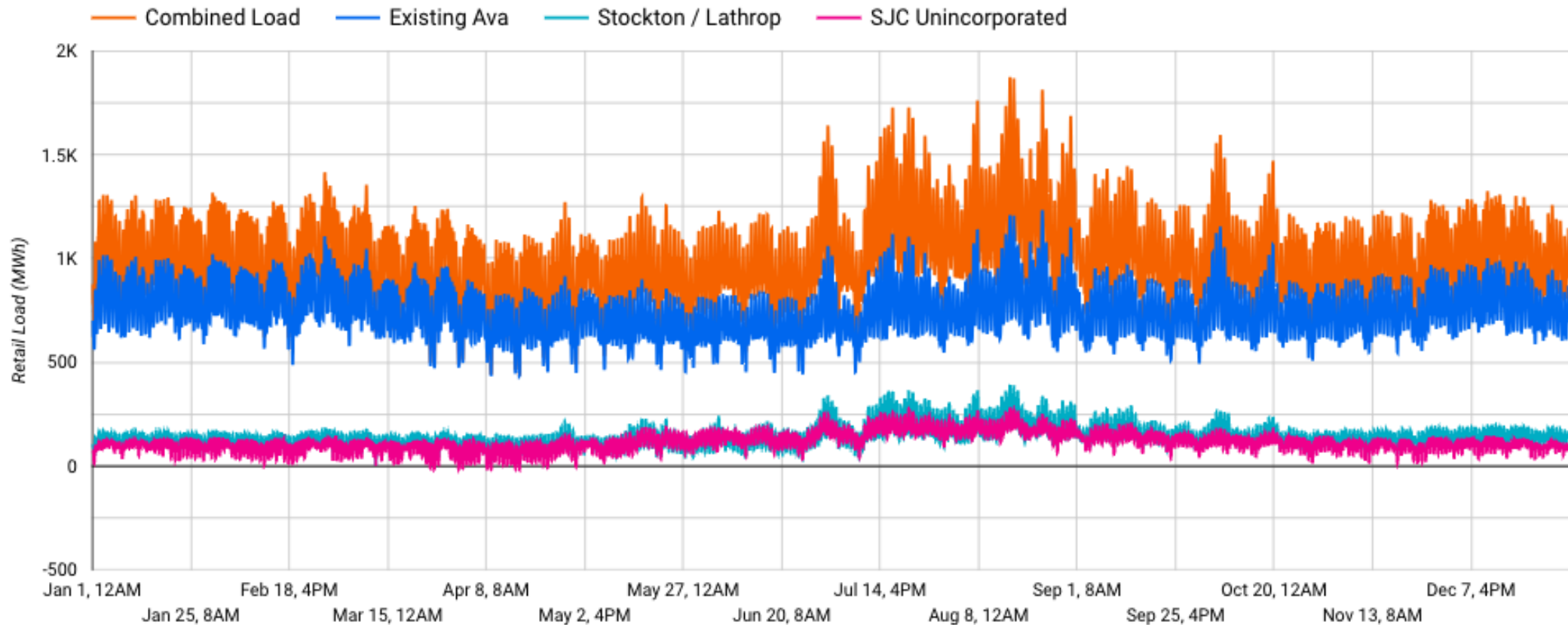
# Process of Joining Ava

1. Initial meetings with City/County staff & elected officials
  - PG&E load data request forms
2. Presentations to City Council/BOS;
  - Discussion item --> PG&E load data request forms
  - Vote #1 - CCA Ordinance & Resolution to join Ava
  - Vote #2 - Second CCA Ordinance vote (*best completed by June to make Sept 30 RA deadline*)
3. Ava staff conducts quantitative membership analysis
4. **Ava Board/committees review analysis and Board considers including new community**
5. Pending Board approval, Ava updates JPA and files updated Implementation Plan with the CPUC before 9/30 for preferable RA compliance
6. Next CY: Initial community outreach in new community (e.g., meetings w/CBOs, Chambers, et al)
7. CY+1: Ava enrolls customers in new community, typically April (could be phased)



# 2023 Hourly Load

2023 Historical Retail Load Comparison





July 10, 2024

Ava Community Energy - Financial, Administrative and Procurement Subcommittee  
1999 Harrison Street, Suite 2300  
Oakland, CA 94612

Submitted via email to the Clerk of the Board at [cob@avaenergy.org](mailto:cob@avaenergy.org)

**Re: Agenda Item 4 - Renewable 100 Cost Allocation Methodology and Fremont Renewable 100 Citywide Default**

Dear Chair Cox,

On behalf of the City of Hayward, I write to express our concern with the proposed potential increase in the rate premium for Renewable 100 (R100). We are very much in favor of expanding the use of renewable energy and we support the City of Fremont's intention to make R100 the default product for Fremont customers. However, Fremont's decision to change their default now comes at a time that would require the purchase of more expensive renewable energy. We don't believe this additional cost should be passed on to existing R100 customers.

I understand that this item is tentatively scheduled for a vote by the full Ava Board of Directors at their meeting on July 17, 2024. We respectfully request that the vote be postponed so that additional member jurisdictions, especially those that currently have R100 as their default, can weigh in. Thank you for your consideration.

Sincerely,

Mark Salinas  
Mayor

Cc: Hayward City Council  
Dustin Claussen, Interim City Manager  
Adam Kostrzak, Interim Assistant City Manager  
Alex Ameri, Public Works Director

