



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

Wednesday, September 11, 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 Bedolla - 1755 Harvest Landing Lane, Tracy, CA 95376
- Member Cox - Fremont City Hall, Building B, HR Training Room 3300 Capitol Ave. Fremont, CA 94538

### 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 July 10, 2024**

**4. Audit Progress Report (Informational Item)**

Report on the status and timeline of the fiscal audit.

**5. Ava Participation in Hourly Flex Pricing Pilots (Informational Item)**

Staff seeking approval to participate in hourly flex pricing pilots with PG&E.

**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, November 13, 2024 at 1pm.

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Oakland, CA 94612



## Draft Minutes

### Financial, Administrative and Procurement Subcommittee Meeting

Wednesday, July 10, 2024  
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*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

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

**Absent:** Director Cox (Fremont).

#### 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.*

**Public Comment – Dan Schoenholz** noted their attendance at the meeting to discuss Renewable 100 item 4 of the agenda.

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

**Director Gonzalez (San Leandro) motioned to approve the minutes. Director Andersen (Piedmont) seconded the motion, which passed 4/0/0/1.**

**Yes: Kaur (Emeryville), Andersen (Piedmont), Gonzalez (San Leandro), and Bedolla (Tracy).**

**No: none**

**Abstain: none**

**Recuse: none**

**Excused: Cox (Fremont).**

**There were no speakers for public comment.**

### **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).

#### **The Committee Discussed:**

- **(25:42) Director Bedolla (Tracy)** asked about the impact of options A, B, and C on residential and commercial customers currently enrolled in Renewable 100. He also inquired whether Ava could exempt the current rates for existing customers.
- **(30:10) Director Andersen (Piedmont)** asked whether now is the right time for Ava to decouple from PG&E and inquired about the time and internal resources staff would need to manage the increased complexity if options B and C were pursued.
- **(36:51) Director Gonzalez (San Leandro)** sought clarification on whether PG&E's prices or market prices in general have softened over the past two to three months. He also asked whether PG&E's residential energy prices are substantially different from Ava's Bright Choice plan, and if waiting three to five years would alter the market dynamics.
- **(54:41) Director Andersen (Piedmont)** asked whether market research was done to find out how many renewable 100 customers would opt-down to Bright Choice. She also asked if increasing the premium on Renewable 100 customers is going to impact customers opting down.

- **(59:05) Director Gonzalez (San Leandro)** expressed concern about why cities with contracts signed during better times are disadvantaged when a new city enters a new product. He also sought clarification on whether the committee was taking a formal position coming out of the meeting.
- **(1:04:25) Director Andersen (Piedmont)** asked if there are other communities involved in the cost allocation methodology besides the new community potentially opting into Renewable 100. She also suggested that more time and a better understanding of how those variables might impact future trajectories.

**(50:56) Public Comment – Audrey Ichinose** asked for clarification on whether CARE and FERA customers are unaffected by the Fremont opt-up and inquired about the size of CARE and FERA accounts within Ava’s service territory.

**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).

**The Committee Discussed:**

- **(1:45:26) Director Andersen (Piedmont)** questioned how large Ava planned to grow its service territory and whether Ava is competing with other CCAs to expand into different parts of California.
- **(1:49:58) Director Gonzalez (San Leandro)** asked about PG&E’s prices in different parts of the state and how they compare to Ava’s. He also asked about the difference between “San Joaquin County’s 2026 High Power Resource” and “Ava with San Joaquin County’s 2026 High Power Resource”<sup>i</sup>.

**There were no speakers for public comment.**

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

**There were no committee member or staff announcements.**

**7. Adjourn –** The meeting was adjourned at 2:56pm.

*Minutes written by Raïssa Ngoma.*

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<sup>i</sup> Please refer to slide #12 of [item 5](#) for more information.

# Fiscal Year 2023-2024 Audit Progression Update

September 11, 2024



# Audit Status

- The annual financial audit starts at the end of each fiscal year and is typically completed in October, as Ava has contractual obligations with certain energy counterparties to complete the audit 120 days after the end of the fiscal year, which falls on October 29<sup>th</sup> of each year
- The financial audit confirms the financial accuracy of Ava's financial statements by reviewing transactions, controls, processes, contractual agreements, and other relevant aspects of Ava's financial systems in a manner according to the Generally Accepting Accounting Principles (GAAP) methodology
- An ad-hoc committee is formed from current Board members to confer with the auditor independent of staff involvement to ensure adequate controls and diligence
- The results of the audit will be presented to the Board at the November meeting as an informational item
- Based on the final audited financials information regarding the the financial surplus and allocation to reserves, on-bill credits, and other programs will be presented in November as well



# Audit Timeline

	<i>Monday</i> <i>Friday</i>	7/1/2024 7/5/2024	July	August	9/2/2024 9/6/2024	9/9/2024 9/13/2024	9/16/2024 9/20/2024	9/23/2024 9/27/2024	9/30/2024 10/4/2024	10/7/2024 10/11/2024	10/14/2024 10/18/2024	10/21/2024 10/25/2024	10/28/2024 11/1/2024	November
Transition of Fiscal Year														
Audit Kickoff			7/12/2024											
Delivery of Key Documents														
Delivery of Trial Balances														
Bank Confirmations						Issue	Return							
Legal Confirmations							Issue	Return						
Draft Financial Statements							Deliver	Review	Review					
Audit Documents									Draft Opinion	Staff Review	Auditor Review	Final Opinion	Delivery to CPs	
FAP/Board Meetings						9/11/2024					10/16/2024			11/20/2024
			Completed			Current			Behind					
			On track/Scheduled						Delayed/Deferred/Unscheduled					





# Thank you!



Online

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# Ava Participation in Hourly Flex Pricing (HFP)\* Pilots

FAP Committee Memo

September 11, 2024

\*Also known as Real Time Pricing, or RTP

## Overview:

- Staff is seeking September 18 board approval for Ava's participation in HFP as hourly rates will deviate from the existing value proposition
- Staff also analyzed the financial impacts of voluntary customer participation. HFP pilot participation could result in an estimated net benefit of \$67,932 or cost of \$154,259 depending on customer adoption, CPUC incentives, and reduction in procurement costs

## Objectives of Ava's participation in HFP

- **Compliance with Load Management Standards (LMS):** The CEC's Load Management Standards (LMS) require CCAs to evaluate and adopt hourly marginal cost rates/programs by 2027. Ava's LMS Compliance Plan, approved by the Board in March 2024, considered participation in hourly pricing pilots with PG&E to address uncertainties regarding hourly rates. CEC Staff have indicated that Ava's participation in HFP pilots is key to maintaining compliance.
- **Offer rate options comparable to PG&E:** Ava is aware of at least one commercial customer who will participate in the VGI (Vehicle to Grid Integration) Pilot. If Ava does not participate in the HFP pilots, interested customers would have to opt-out of Ava's service to receive those rates through PG&E's exclusive service.
- **Inform future HFP rate design & participation:** Ava will gain valuable information about hourly rates which is key to informing Ava's decision of whether to eventually adopt hourly rates and how to otherwise comply with the Load Management Standards.

## Implementation

### 1. Timeline

- September 2024: VGI/V2X (residential & business EV rates, non-residential customers that provide EV charging services)
- November 2024: Expanded Pilots (C&I, residential rates)
- 2026: Expanded Pilots (Ag rates)
  - These pilots are available earlier; Ava is looking to participate in 2026 with new agriculture customers in unincorporated San Joaquin County

### 2. Billing

During the pilot, participating customers will continue to pay their normal monthly electric bill according to their otherwise applicable tariff, or OAT. In addition to their normal monthly bill, customers will receive a performance report that reflects credits or charges based on the customers' performance under the hourly price. Customers are credited at the hourly price for reduced consumption. The customer's monthly credits and charges will be trued-up annually, and the customer would receive a credit if they paid less on the hourly pricing pilot compared to their OAT, or standard tariff. The

customer would not be charged extra if they incur net charges. With this bill protection, participating customers can only benefit from the pilots.

### 3. Outreach

Customers will be able to enroll in the pilots through PG&E’s webpage. Ava will supplement PG&E’s enrollment efforts through targeted and direct outreach to eligible commercial and industrial customers, leveraging existing relationships. Staff does not plan to augment PG&E’s marketing to residential customers as this customer group will already receive mass market materials from PG&E and an Ava mailer may create confusion. Also, Ava will offer competing managed charging and solar plus storage programs on the market; dual enrollment in HFP and another load shift program are not allowed.

### Ava Financial Impact

The potential financial costs and benefits to Ava of participating in the hourly pricing pilots are:

Costs	Benefits
Administrative staff time	\$20/kW-year state incentive to Ava for enrolling customers
Bill credits to customers who reduce their usage	Reduced procurement costs due to customer load shift

Numbers for each of these categories are necessarily uncertain as there is little available data on the likely number of customers that will participate, or the extent to which participants will change their behavior in response to price signals.

In light of the uncertainties above, staff modeled multiple scenarios with various levels of customer adoption and price responsiveness.

Projected maximum cost of bill credits over 3-year pilot period			
Peak load reduction	Low adoption	Medium adoption	High adoption
Non-res customer count	15	31	62
1%	\$ 16,924	\$ 33,847	\$ 67,694
5%	\$ 99,970	\$ 199,939	\$ 399,878
10%	\$ 273,687	\$ 547,375	\$ 1,094,749

These estimates do not include:

- Estimated administrative and implementation costs (\$225,000) across 3 years
- Estimated state incentives paid to Ava totaling (\$300,000)
- Reduction in procurement costs due to customer load shifting

The table below incorporates procurement cost savings Ava will incur due to reduction in customer consumption during peak times when the marginal cost of energy is high:

Projected maximum cost of bill credits, less procurement savings, over 3-year pilot period			
Peak load reduction	Low adoption	Medium adoption	High adoption
Non-res customer count	15	31	62
1%	\$ 7,068	\$ 14,137	\$ 28,273
5%	\$ 23,605	\$ 47,211	\$ 94,421
10%	\$ 57,315	\$ 114,630	\$ 229,259

The estimates in both of the above tables assume that Ava staff participates in customer outreach to commercial and industrial (C&I) customers, and that these customers do not shift or increase consumption in response to low hourly prices. As such, these estimates could be considered the **maximum possible cost** in each scenario. It is worth noting that with the \$300,000 in state incentives, Ava recoups more than its total costs in several scenarios.

# Ava participation in hourly pricing pilots



# Summary

- Staff is seeking September board approval for Ava's participation in Hourly Flex Pricing (HFP, also known as real time pricing) as hourly rates will deviate from the existing value proposition
- Staff also analyzed the financial impacts of voluntary customer participation
  - HFP pilot participation could result in a net benefit of **\$67,932** or cost of **\$154,259** depending on customer adoption and CPUC incentives, and not including reduced procurement costs

# Objectives of HFP participation

- **Compliance with Load Management Standards (LMS)**
  - The CEC's Load Management Standards (LMS) require CCAs to evaluate and adopt hourly marginal cost rates/programs by 2027
  - Ava's LMS Compliance Plan, approved by the Board in March 2024, considered participation in hourly pricing pilots with PG&E to address uncertainties regarding hourly rates
  - CEC Staff has indicated that Ava's participation in RTP pilots is key to maintaining compliance.
- **Offer rate options comparable to PG&E**
  - Ava is aware of at least one commercial customer who will participate in the VGI Pilot. If Ava does not participate in the HFP pilots, interested customers would have to opt-out of Ava's service to receive those rates through PG&E's exclusive service.
- **Inform future HFP rate design & participation**
  - Ava will gain valuable information about hourly rates which is key to informing Ava's decision of whether to eventually adopt hourly rates and how to otherwise comply with the Load Management Standards.

# Implementation

- Launch timeline
  - September 2024 – VGI/V2X (residential & business EV rates, non-res customers that provide EV charging services)
  - November 2024 - Expanded Pilots (C&I, residential rates)
  - 2026 - Expanded Pilots (Ag rates)
    - These pilots are available earlier; Ava is looking to participate in 2026 with new agriculture customers in unincorporated San Joaquin County
- Billing
  - Receive an annual credit for responding to hourly price signals
  - Annual bill protection; customers will not pay more than under their Ava otherwise applicable tariff (OAT)
  - Shadow-billed; limited implementation work for Ava
- Outreach
  - Ava to supplement PG&E outreach with direct outreach to select C&I customers



# Analysis overview

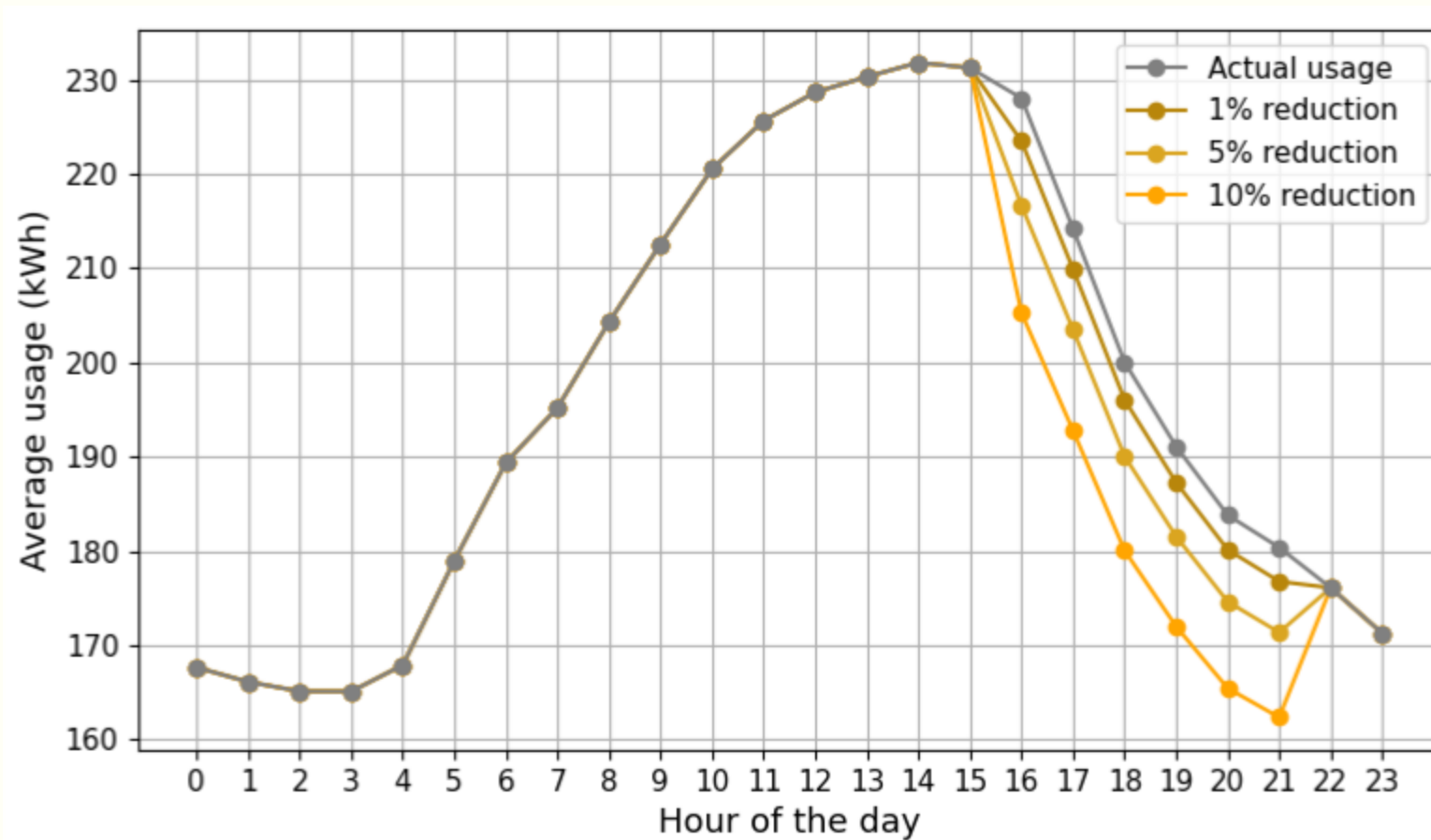
- Potential financial costs and benefits to Ava include:

Costs	Benefits
Bill credits to customers who reduce their usage	\$20/kW-year state incentive to Ava for enrolling customers
Administrative and implementation costs	Reduced procurement costs due to customer load shift

- There is uncertainty in how many customers will participate (enrollment is voluntary) and how customers will respond to hourly price signals
- To address uncertainty, staff modeled multiple scenarios with various levels of customer adoption and price responsiveness

# Analysis overview

Figure 1: customer usage and estimated peak reduction



# Analysis results

Projected maximum cost of bill credits, less procurement savings, over 3-year pilot period			
Peak load reduction	Low adoption	Medium adoption	High adoption
Non-res customer count	15	31	62
1%	\$ 7,068	\$ 14,137	\$ 28,273
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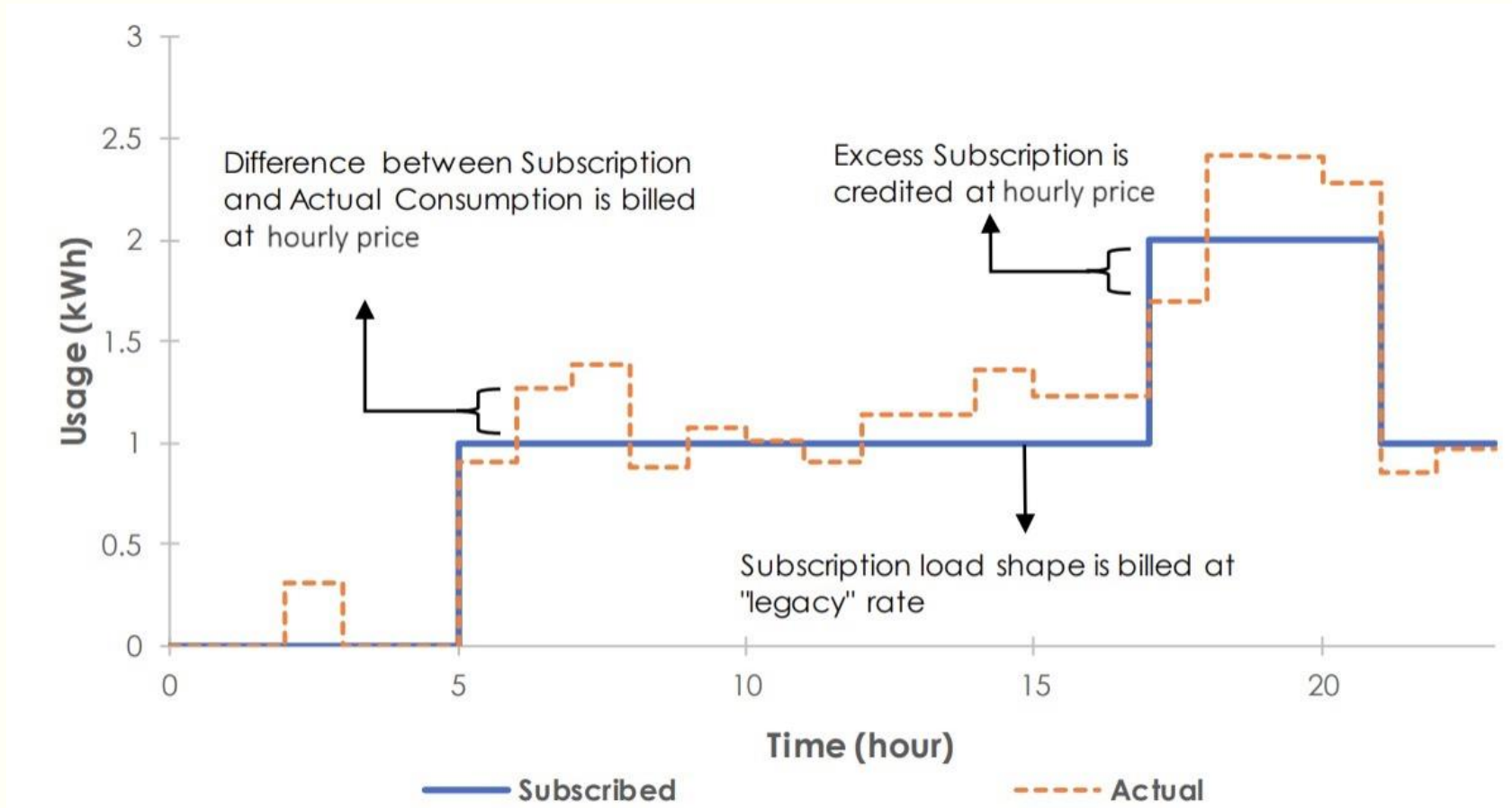
- These estimates do not include:
  - Estimated administrative and implementation **costs (\$225,000)** over 3 years
  - Estimated state **incentives** to Ava (**\$300,00**) over 3 years which recoup all costs in some scenarios
- Key assumptions:
  - Ava staff participates in customer outreach to C&I customers
  - Customers do not shift load or increase consumption in response to low hourly prices

# Appendix



# Customer subscription and bill credits

Figure 1: customer subscription and bill credits



# Analysis results without procurement savings

Projected maximum cost of bill credits over 3-year pilot period			
Peak load reduction	Low adoption	Medium adoption	High adoption
Non-res customer count	15	31	62
1%	\$ 16,924	\$ 33,847	\$ 67,694
5%	\$ 99,970	\$ 199,939	\$ 399,878
10%	\$ 273,687	\$ 547,375	\$ 1,094,749

- These estimates do not include:
  - Estimated administrative and implementation **costs (\$225,000)** over 3 years
  - Estimated state **incentives** to Ava (**\$300,00**) over 3 years which recoup all costs in some scenarios
  - Reduction in procurement costs due to customer load shifting
- Key assumptions:
  - Ava staff participates in customer outreach to C&I customers
  - Customers do not shift load or increase consumption in response to low hourly prices