

Critical Municipal Facilities: Request for Approval



Agenda

1. Transaction Overview
2. CMF Program Structure
3. Key Counterparties
4. Next Steps



1. Transaction Overview



Executive Summary / Request for Consent

- Ava is working with a renewable energy developer, GreenBridge, to design, construct, and operate solar and storage systems across 34 municipal sites by entering power purchase agreements (“PPAs”) with 6 participating cities.
- City project portfolios are designed to deliver energy savings over the contract terms, as well as resiliency benefits to protect against grid outages and extreme weather events.
- Projects to be constructed in phases to achieve commercial operation on varying timelines in 2025-2027.
- Ava working towards execution of a master PPA with Green Bridge by early December to enable early-phase projects to kickoff development to support NEM2.0 qualification deadlines.
- **Nov Board Approval Requests:**
 - 1) **Negotiate and execute Developer PPA and Asset Transfer Agreements with GreenBridge LLC**
 - 2) **Negotiate and execute PPAs with Cities and provide Solar and Storage incentives to Cities**



Participating Cities

- Berkeley
- Fremont
- Hayward
- Livermore
- Oakland
- San Leandro

2. CMF Program Structure



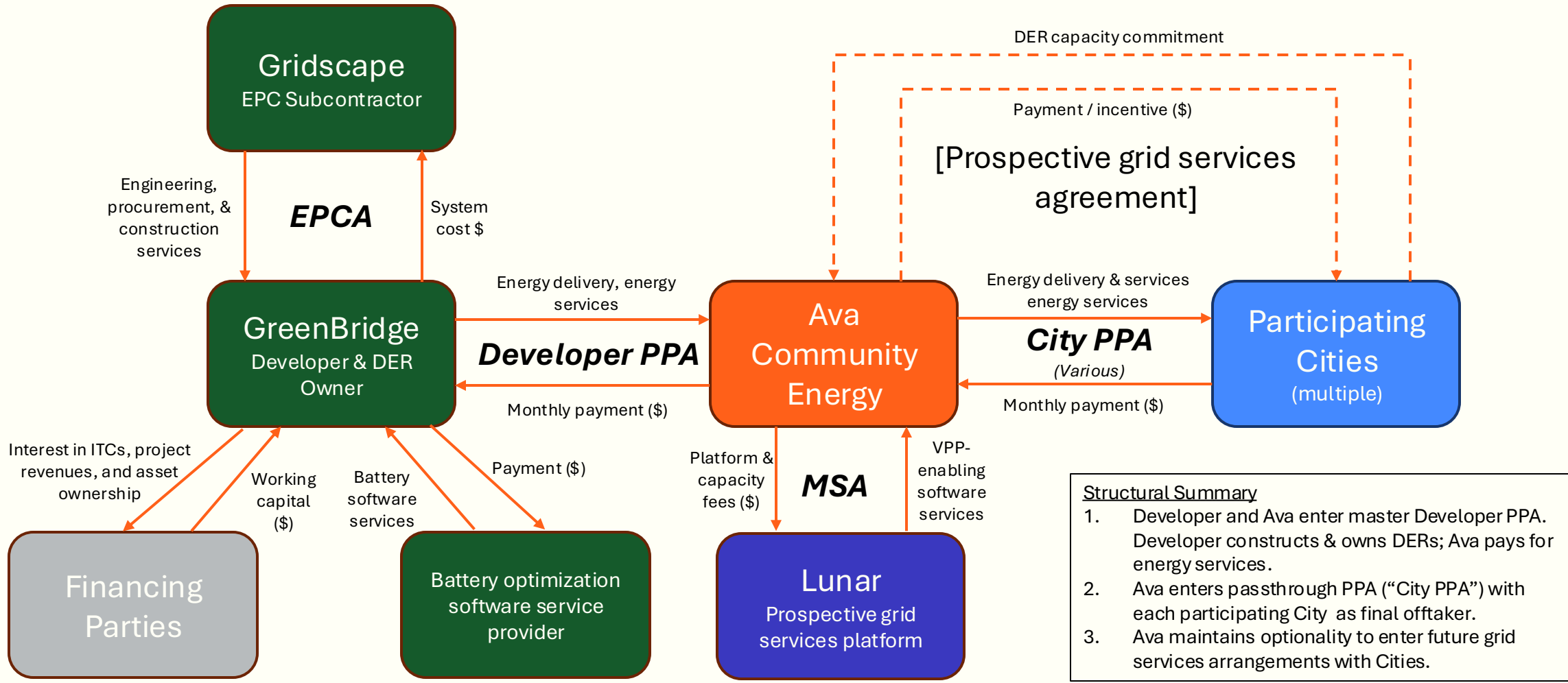
Developer & City PPA Overview

Ava to enter long-term energy service agreements with each participating city, which go “back-to-back” with master agreement Ava enters with experienced project developer.

- **Developer PPA:** Ava to enter master purchase agreement (“PPA”) with Green Bridge (experienced C&I-scale developer) which will construct, operate, and own the systems and sell the site energy generation and optimization services to Ava.
- **City PPAs:** Ava to separately enter individual PPAs with each city that passes through rights / obligations of the master PPA:
 - Ava to sell energy generation and energy services (e.g. use of battery energy storage system and optimization software) to Cities
 - Ava to deliver construction, operation, and system maintenance (directly or indirectly via Developer’s obligations in the master PPA)
- **Benefits to Cities:**
 - Multi-city initiative enables scale-based benefits in commercial terms for Cities relative to single-project financing, e.g. Lower costs/ increased savings, higher quality contractual terms, etc.
 - Ava (trusted entity) transacts with Cities directly to close and administer the services
 - Ava holds ability to deliver ancillary services and incentives to Cities

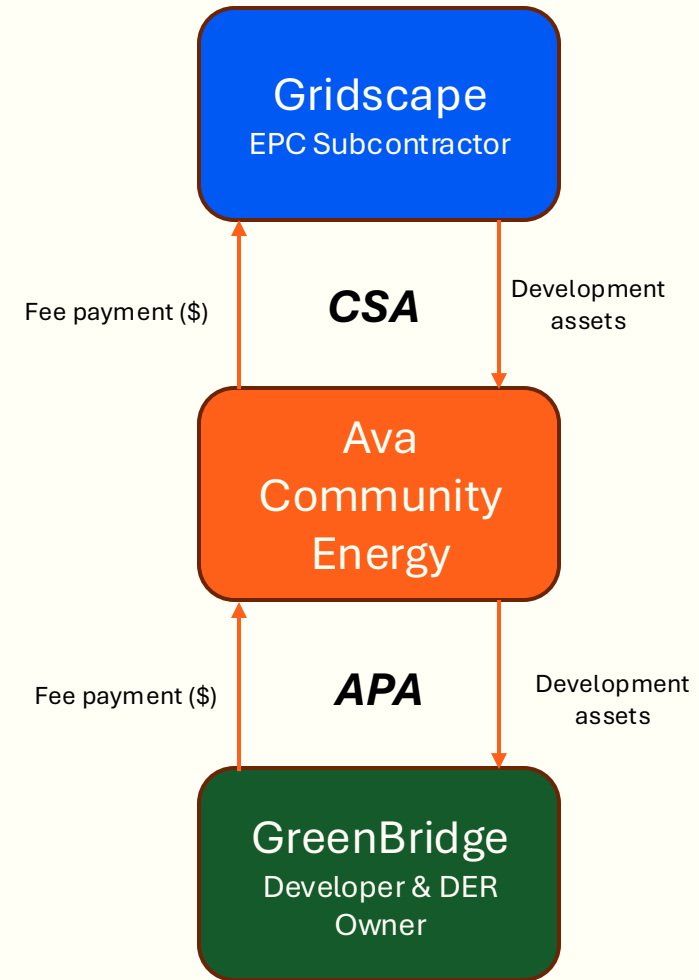
Transaction Diagram

Ava managing high degree of complexity while streamlining the development process on behalf of Cities.



Asset Purchase Agreement

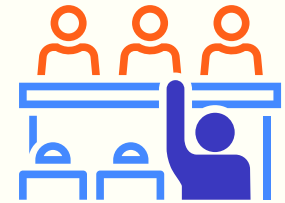
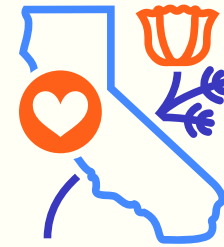
- In advance of Developer PPA execution, Ava entered Consulting Services Agreement (“CSA”) with Gridscape to conduct and pay up to \$1.8M for preliminary design, development, and interconnection application work for NEM2.0 projects
- CSA was critical to support development ahead of NEM2.0 cliff dates and requisite PG&E approval milestones
- Ava to simultaneously execute Asset Purchase Agreement (“APA”) with Green Bridge to assign Ava’s CSA development assets to Green Bridge for ongoing project development
 - Under APA, Green Bridge to pay Ava for 100% of the development assets for each project at notice to proceed
 - Ava will retain the sunk cost of development for CSA work related to projects deemed non-viable or terminated prior to NTP



Labor Commitments

Ava working with Developer to ensure construction labor is paid at prevailing wages and contracts with local, union labor.

- **Commitment to Local:** Developer committing to hire construction contractors and subcontractors residing in Alameda or San Joaquin county (“Local Hires”).
- **Prevailing wages:** Commitment to pay prevailing wages at local level across each City.
- **Use of union labor:** Developer committing to use union labor where it is possible to (i) use Local Hires, (ii) meet project development timelines, and (iii) meet cost neutrality requirements of the Cities.
 - In the event that the Developer cannot find union labor that can meet all items above, it will provide advance notice to Ava and provide an alternative proposal that meets (i)-(iii).



City Portfolios

Portfolio Profile by City

City	# NEM 2.0 Projects	# NEM3.0 Projects	Total Project Count	PV Capacity (kW)	Battery Capacity (kWh)
Berkeley	2		2	202	387
Fremont	2	4	6	303	697
Hayward	3	1	4	218	387
Livermore	2	4	6	2,814	5,954
Oakland	5	4	9	1,466	2,786
San Leandro	5	2	7	880	1,780
Grand Total	19	15	34	5,883	11,992

Site list and capacity figures pending finalization

PPA Pricing to Ensure City Savings

Developer commits to a pricing construct that (i) ensures each City achieves portfolio savings, (ii) locks pricing for early-stage projects, and (iii) sets guardrails on pricing changes for late-stage projects.

- City portfolios must meet cost neutrality over PPA term
- Developer commits to design and price each City portfolio to meet cost neutrality
- Developer agrees to limitations on price changes for NEM3.0 projects
- Each City has 2 separate PPA rates applicable to its (i) NEM2.0 and (ii) NEM3.0 project cohorts
 - NEM2.0 projects: Pricing is locked at PPA execution
 - NEM3.0 projects: Pricing may change due to design changes, but only to extent that City portfolio remains cost-neutral
 - If pricing changes impair cost neutrality, then Ava/City has right to remove minimum projects to achieve cost neutrality
 - City-specific pricing and savings figures to be shared with Cities shortly after 11/6
- Ava collecting 2.5% surcharge to collect for: Administration, legal expenses, extra-ordinary charges and potential removal fee

City Savings Calculation

Estimated site utility costs during term without projects
(-) Estimated site utility costs during term with projects
= Estimated City utility bill savings
(-) cumulative PPA payments for the projects
= **Cumulative net energy bill savings to City**

Ava Providing Solar and Storage Incentives

- Ava requesting permission apply approved CMF budget of \$7M towards Solar & Storage incentives structured like the upcoming publicly available Community Resilience Hub incentives
- All projects will receive an incentive of \$2/month/kWh of aggregate BESS nameplate capacity for 5 years. NEM3.0 projects will also receive an upfront incentive of \$400/kWh to account for lower bill savings.
- Incentive to be passed to Cities as a monthly bill credit on City PPA invoices from Ava for a 5-year credit term
- Ava retains option to use the upfront incentive via an optional prepayment of the Developer PPA if the prepayment delivers additional savings to the Cities

3. Key Counterparties



RFO Process

- Initial RFO in July 2022, for projects with 4 Cities and selected SunWealth LLC as Asset Owner and received approval from BoD to negotiate and execute agreement in January 2023.
- Ava and SunWealth were unable to successfully agree on PPA
- Ava re-issued RFO with 8 participating Cities in July of 2023 and received four bids. After initial review 2 bidders were shortlisted
- Greenbridge was selected as final counterparty progress with PPA negotiations

Financing Partner: Green Bridge

- North Carolina-based commercial and utility-scale renewable energy financing and development platform
- Founded in 2020 by legacy GE Capital leadership, with over 38 years of renewables and energy financing and development experience
- Has funded over \$1B of projects to date, with pipeline of over \$250M in development
- Uses institutional tax equity and debt financing capital to deliver competitive PPA pricing
- Leverage relationships with best-in-class operational service providers to support its operational services

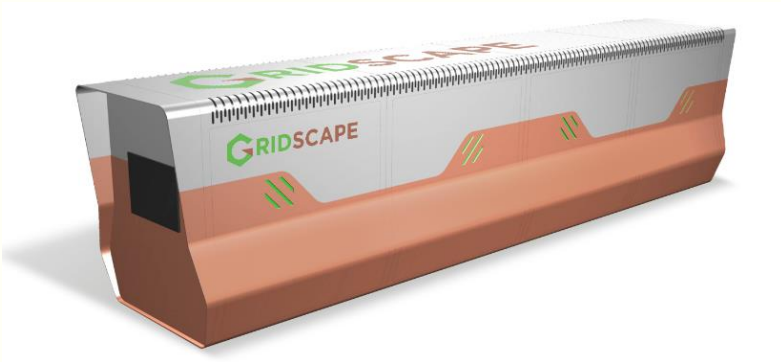


Engineering, Procurement, & Construction (EPC): Gridscape



Gridscape

- Headquartered in Fremont
- Portfolio includes 19 municipal solar and/or storage microgrid projects in California
- Deep capabilities in microgrid solar and storage design, engineering, procurement, installation, interconnection, and operation & maintenance
- Levers network of subcontractors as boots-on-the-ground for project construction



4. Next Steps



Next Steps & Timing

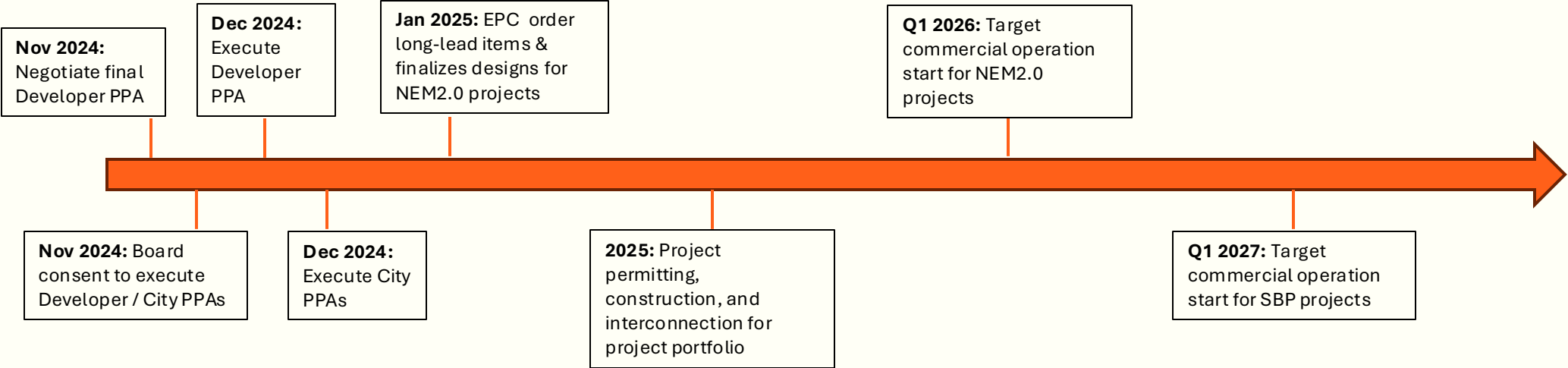
Next two months

- **Mid-November:** Finalize Developer PPA form; deliver pricing to Cities
- **Ava 11/20 Board Meeting:** Authorize CEO to negotiate and execute
- **Early Dec:** Execute Developer PPA
- **EOM Dec:** Execute City PPA with all Cities
- **Jan 2025:** NEM2.0 design finalization & long-lead equipment orders placed
- **2025-2027:** Projects constructed, interconnected, & operationalized in phases

City Calendar for Approval to Execute

City	City Council Approval Date
Berkeley	11/12
Fremont	12/3
Hayward	10/15
Livermore	11/25
Oakland	11/12
San Leandro	12/2

CMF Timeline



Appendix



Equipment, Operations, & Warranties

- **Major Equipment**

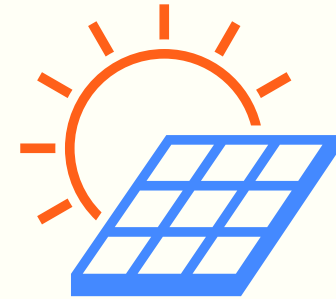
- All equipment vetted by GreenBridge's independent engineer and supported by manufacturer's warranty on performance and functionality:
 - Solar modules: Minimum 25 year warranty
 - Battery energy storage systems: Minimum 10 year warranty
 - Inverters: Minimum 5 year warranty

- **Installer warranties:**

- Workmanship warranty: 3 years
- Roof warranty: 10 years

- **Operations & Maintenance: Gridscape**

- As original EPC, maintenance benefitted by Gridscape warranties and project familiarity



Third-Party Advisors

Program structure and project consultation has been supported by best-in-class advisory.

- **Outside counsel:** Ava representation and transaction document drafting by Wilson Sonsini, a leading renewable energy and clean technology law firm.
- **Energy modeling:** Project site assessment verification services provided by EcoMotion, an experienced consultancy with specialty in microgrid resiliency projects.



Ava's Responsibilities & Risk Mitigants

Program has been designed to offer cost-neutral renewable-based energy resiliency for Cities. Ava directly provides services to Cities, while mitigating risk to Ava through Developer's ownership.

Issue	Risk(s)	Mitigation
Billing	<ul style="list-style-type: none"> Risk of Ava coming out of pocket to make monthly PPA payments to Developer 	<ul style="list-style-type: none"> Ava collects City payments through City PPA and passes them through to Developer under Developer PPA Monthly Payment sized on same reported energy metrics to ensure City payment covers Ava's payment Billing cycle: City pays Ava before Ava pays Developer
Equipment Performance	<ul style="list-style-type: none"> Poor solar or battery performance result in reduced energy savings delivered to the site 	<ul style="list-style-type: none"> solar performance guarantee, with damages payable to Cities if not met to incentive Developer backstops BESS performance triggers for BESS availability, efficiency, and capacity with EOD ramifications
Project Operation & Maintenance	<ul style="list-style-type: none"> Solar or BESS equipment fails or underperforms during contract term System owner fails to maintain system to prudent operating standards 	<ul style="list-style-type: none"> Developer bears cost & responsibility of project O&M services to Ava, which Ava passes along to Cities Original installer (Gridscape) serving as O&M provider, with support of their workmanship & roof warranties Developer posts replenishable performance security as reserve for project maintenance and system removal throughout term
Development Timing	<ul style="list-style-type: none"> Project construction and commissioning runs late, causing certain projects to miss NEM2.0 deadline and/or inconvenience at project sites 	<ul style="list-style-type: none"> Developer owes damages passed through to Cities in event project does not meet target operation start date City has project termination rights if COD is delayed greater than 45 days (for NEM2.0 projects) or 120 days (for SBP projects).
Equipment Selection & Procurement	<ul style="list-style-type: none"> Equipment does not meet industry standards around performance and/or warranty Sourcing practices conflict with federal/state/local regulations 	<ul style="list-style-type: none"> Developer approved vendor requires technical opinion by reputable third-party independent engineer Major components supported by fulsome manufacturer's warranty. Developer required to comply with trade regulations, including UFLPA & modern slavery

Ava's Responsibilities & Risk Mitigants (cont.)

Issue	Risk	Mitigation
Project Insurance	<ul style="list-style-type: none"> • Unforeseen installer liability during construction • Disaster, wildfire, extreme weather, or other insurable event results in system loss during operation 	<ul style="list-style-type: none"> • Developer required to maintain fulsome construction all-risk and operating all-risk insurance • Force majeure language limits performance obligation
Project Removal	<ul style="list-style-type: none"> • Cities left bearing the responsibility and expense of removing systems from their sites at end of term 	<ul style="list-style-type: none"> • Developer required to perform and pay for end-of-term project removals • Developer posts replenishable performance security to support end-of-term project removal • Ava bears obligation to pay for end-of-term project removals if not covered by Developer • In event Ava loses investment grade status, Ava to post cash or LC security at City's benefit for use in system removals
Project / Portfolio Termination Rights	<ul style="list-style-type: none"> • Project terminations or default by City leave Ava at risk of performing PPA buyer obligations to Developer • Project termination or default by Developer leave Ava at risk of performing seller obligations to City 	<ul style="list-style-type: none"> • Agreements designed to cross-terminate at project & portfolio level • In event of post-construction City early termination, City makes termination payment that passes through to Developer
Developer Risk	<ul style="list-style-type: none"> • Developer is unable to perform its obligations through the end of the term due to financial distress or changes to its business model 	<ul style="list-style-type: none"> • Developer's use of traditional renewable project financing creates likelihood of ownership assignment to reputable asset managers in event of Developer insolvency • In a severe downside scenario, Ava has buyout rights and manager transition rights to step into Developer obligations to the projects