



Executive Committee Meeting
Wednesday, February 5, 2025
3:00 pm

In Person:

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

Or from the following locations:

Hayward City Hall, 777 B St, Hayward, CA 94541

Via Zoom:

<https://avaenergy-org.zoom.us/j/88267670367>

Or join by phone:

Dial (for higher quality, dial a number based on your current location):

US: +1 669 900 6833 or +1 253 215 8782 or +1 346 248 7799 or +1 301 715 8592
or +1 312 626 6799 or 877 853 5257 (Toll Free) or 888 475 4499 (Toll Free)

Webinar ID: 882 676 70367

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) 906-0491 or cob@avaenergy.org.

If you have anything that you wish to be distributed to the Executive Committee, please email it to the clerk by 5:00 pm the day prior to the meeting.

1. Welcome & Roll Call

2. Chair and Vice-Chair Appointments

3. Public Comment

This item is reserved for persons wishing to address the Executive Committee on any Ava Community Energy-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 Committee are customarily limited to three minutes per speaker and must complete an electronic [speaker](#)

slip. The Executive Committee Chair may increase or decrease the time allotted to each speaker.

4. Closed Session Public Comment

5. Closed Session

- a. **PUBLIC EMPLOYEE PERFORMANCE EVALUATION under California Government Code Section 54957: Performance Evaluation of Chief Executive Officer**

6. General Counsel Report Out of Closed Session

7. Approval of Minutes from January 8, 2025

8. Mid-Year Budget Update (Informational Item)

Review the budget performance through December 2024.

9. Overview of fire at Moss Landing (Informational Item)

Overview of fire at Moss Landing battery facility.

10. Committee Member and Staff Announcements including requests to place items on future Executive Committee Agendas

11. Adjourn

The next Executive Committee meeting will be held on Wednesday, March 5, 2025 at 3pm.



Draft Minutes
Executive Committee Meeting
Wednesday, January 8, 2025
9:00 am

In Person:

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

Or from the following locations:

City of Pleasanton, City Council Conference Room, 200 Old Bernal Ave, Pleasanton,
94566
Hayward City Hall, 777 B St, Hayward, CA 94541

Via Zoom:

<https://avaenergy-org.zoom.us/j/88267670367>

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1. (1:00) Welcome & Roll Call

Present: Members: Marquez (Alameda County)*, Roche (Hayward), Andersen (Piedmont), Gonzalez (San Leandro) and Chair Balch (Pleasanton)

**Member Marquez joined the meeting at 9:11am.*

2. (2:02) Public Comment

This item is reserved for persons wishing to address the Executive Committee on any Ava Community Energy-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 Committee are customarily limited to three minutes per speaker and must complete an electronic [speaker slip](#). The Executive Committee Chair may increase or decrease the time allotted to each speaker.

There was no general public comment.

3. (2:32) Approval of Minutes from December 4, 2024

Member Andersen motioned to approve the minutes. Member Gonzalez seconded the motion, which was approved 4/0/0/0/1 (yes, no, abstain, recuse, not present):

Yes: Members: Roche, Andersen, Gonzalez and Chair Balch

No: none

Abstain: none

Recuse: none

Not Present: Member Marquez

4. (4:28) BAAQMD Rule 9-6 (Informational Item)

Receive an update and provide Feedback to staff regarding the Bay Area Air Quality Management District's amendments to Regulation 9, Rule 6.

JP Ross, the Vice-President of Local Development, presented on the Bay Area Air Quality Management District's (BAAQMD) newly adopted rules phasing out the sale of gas water heaters and furnaces to reduce nitrogen oxide emissions. In this presentation, JP Ross outlined the phased implementation timeline starting in 2027 for smaller residential water heaters, followed by furnaces and larger water heaters in subsequent years, and discussed the expected shift to heat pump water heaters as a compliance alternative.

Selected topics discussed by Executive Committee Members:

- **Chair Balch** confirmed that load planning is critical, and **JP Ross** explained how Ava incorporates heat pump adoption and additional loads into its Integrated Resource Planning (IRP).
- **Member Gonzalez** proposed a "readiness assessment" to help residents understand potential costs before emergencies occur.
- **Chair Balch** called for a strong public education campaign led by BAAQMD to ensure understanding of the rule.
- **Member Roche** spoke about the need to reduce exceptions so that the rules are equitable.

(56:47) Public Comment: **Jim Lutz** asked how Ava plans to address the expected increase in electric load and suggested exploring on-bill financing or virtual power plant programs to manage installations and load. He also spoke about a lawsuit against similar rules in Southern California.

5. (1:17:09) Building Efficiency Accelerator Funding (Informational Item)

Staff will provide an update on the funding status for the Building Efficiency Accelerator program and seek feedback on a proposed budget reallocation.

Allison Lopez, the manager of the Commercial Energy Efficiency program, presented on Ava's Building Efficiency Accelerator, a program funded by the CPUC's Public Purpose Program (PPP) charge, aimed at helping large commercial and industrial customers improve energy efficiency. In this presentation, Lopez explained the program's progress, which includes enrolling 30 buildings and identifying 15 GWh of potential energy savings, as well as a recent CPUC budget recalculation error that reduced the program's funding from \$13.4 million to \$5.56 million. To address the funding gap, she proposed reallocating \$1 million from Ava's building electrification budget.

Selected Topics discussed by Executive Committee Members:

- **Member Roche** asked whether other CCAs faced similar funding disparities.
- **Member Roche** also confirmed that the proposed \$1 million budget reallocation is a one-time adjustment to support existing program participants.
- **Chair Balch** expressed general agreement that staff is appropriately addressing the issue.

6. (1:28:56) Committee Member and Staff Announcements including requests to place items on future Executive Committee Agendas

There were no Committee Member or Staff Announcements.

7. (1:30:00) Adjourned at 10:30am

The next Executive Committee meeting will be held on Wednesday, February 5, 2025.

Fiscal Year 2024-2025 Mid-Year Budget Update

Executive Committee
February 5, 2025

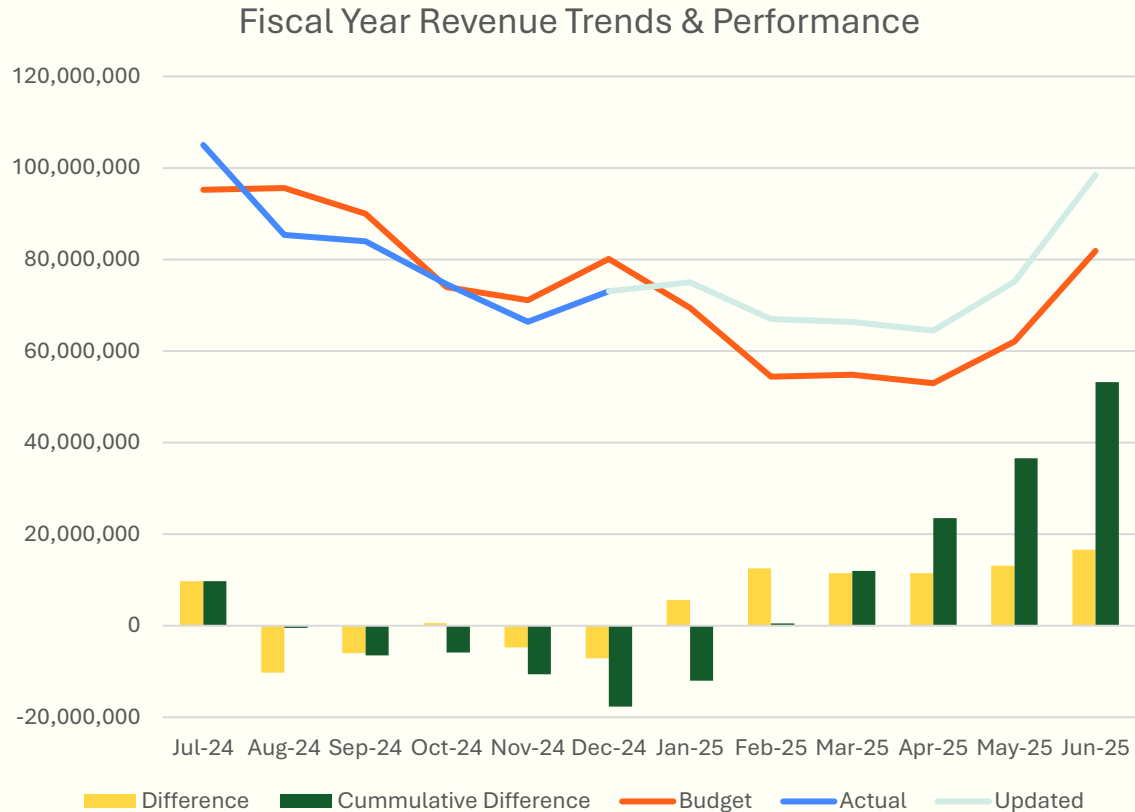


Fiscal Year 2024-2025 Mid-Year Budget Summary

- Ava's Fiscal Year (FY) runs from July 1, 2024 to June 30, 2025
- Mid-year budget update based on actuals through Nov 2024, estimates for the month of Dec 2024, and updated forecast for Jan-Jun 2025
- Forecasted FY Total Net Revenues increased from \$42MM to \$95MM, primarily driven off an increase in Electricity Sales, partially offset by an increase in cost of energy
 - Note: Stockton & Lathrop starting service in April
- Increases to Cost of Energy is predominately from increases in renewable energy costs
- Decreases to Overhead Operating Expenses is mostly due to lower personnel costs due to hiring timing and reduced legal costs
- Increase in Non-Operating Revenue is from higher interest rates earned on interest bearing accounts

	June BUDGET	Mid-Year UPDATE	Delta
OPERATING ACTIVITY			
REVENUE & OTHER SOURCES			
Electricity Sales	881,671,000	934,857,000	53,186,000
Uncollectables	(8,817,000)	(9,349,000)	(532,000)
Other Operating Revenue	0	4,846,000	4,846,000
TOTAL OPERATING REVENUE	872,854,000	930,354,000	57,500,000
EXPENSES & OTHER USES			
Cost of Energy	760,248,000	775,538,000	15,290,000
Cost of Energy Services	11,608,000	11,601,000	(7,000)
Total Energy Operating Expenses	771,856,000	787,139,000	15,283,000
Total Overhead Operating Expenses	45,267,000	39,334,000	(5,933,000)
TOTAL OPERATING EXPENSES	817,123,000	826,473,000	9,350,000
NET OPERATING POSITION	55,731,000	103,881,000	48,150,000
NON-OPERATING ACTIVITY			
TOTAL NON-OPERATING REVENUE	11,799,000	15,459,000	3,660,000
TOTAL NON-OPERATING EXPENSES	25,300,000	24,414,000	(886,000)
NET NON-OPERATING POSITION	(13,501,000)	(8,955,000)	4,546,000
TOTAL NET REVENUES	42,230,000	94,926,000	52,696,000

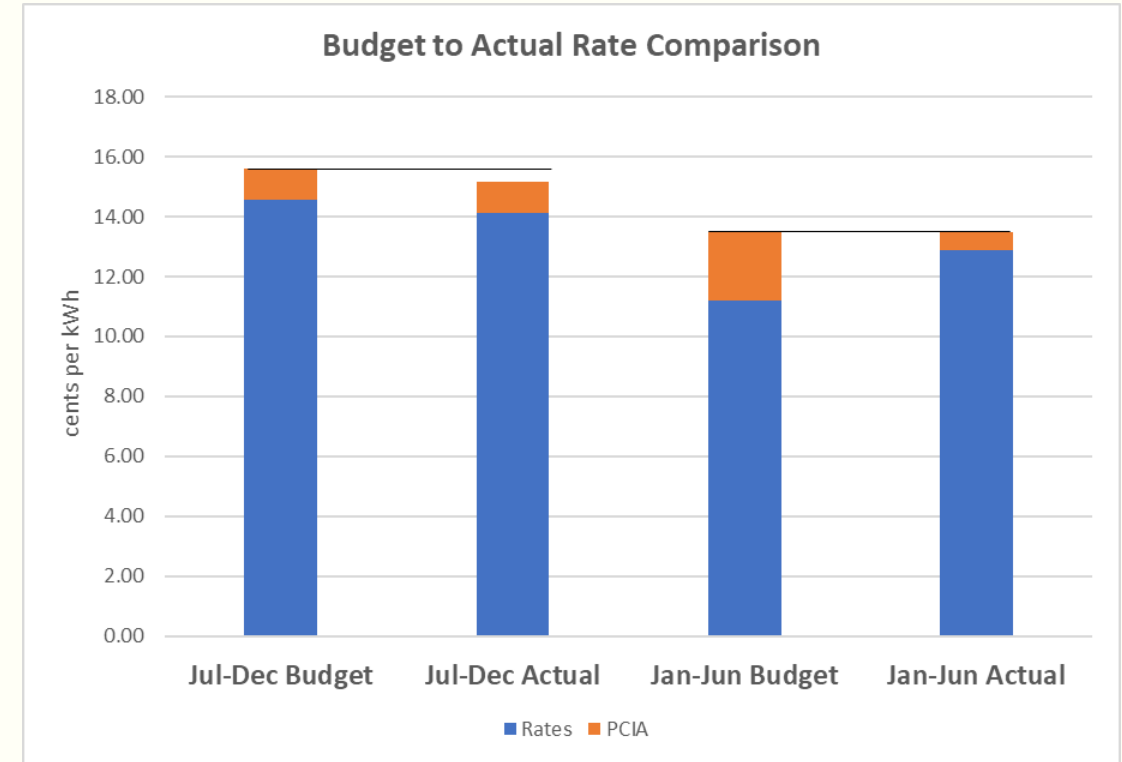
Overview of Revenue Changes



- At time of budget approval, our rate estimates for July-Dec 2024 were slightly higher than what actualized
- Jan-Jun 2025 rates materialized higher than forecasted at time of budget approval
- On average, revenues were about 3.6% lower than expected in the first half of the Fiscal Year
- On average, revenues are expected to be about 19.2% higher than expected in the second half of the Fiscal Year
- For the full fiscal year, revenues are expected to be about 6.0% higher than expected

Overview of Rate Changes

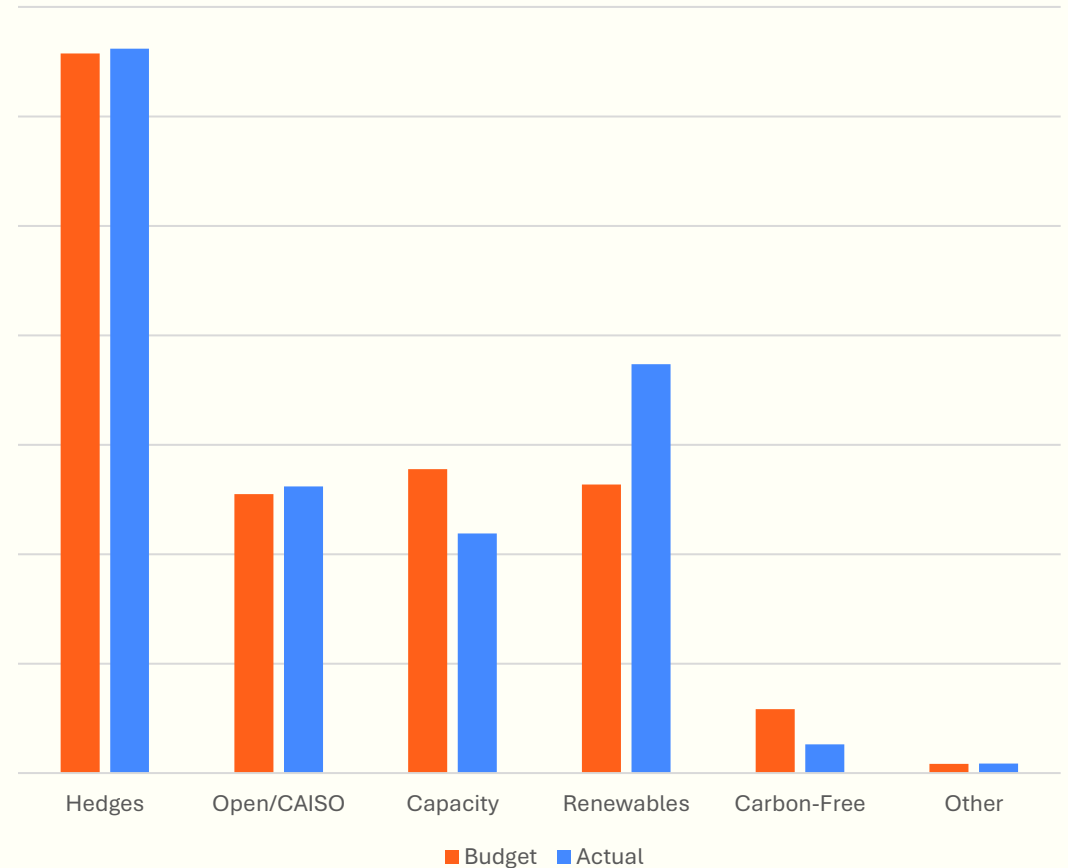
- As of June 2024 budget approval, the Jul-Dec 2024 rate estimates were slightly higher than what actualized. While the PCIA was relatively unchanged, overall generation charges actualized approximately half a cent per kWh lower
 - Note that load estimates were in line with actuals
- As of June 2024 budget approval, the Jan-Jun 2025 rate estimates were lower than what actualized; this was largely offset by a lower PCIA, leading to relatively flat overall generation charges
- The increase in rates leads to an increase in operating headroom and an increase in the current forecasted budget surplus
- Jan-Jun rates are structurally lower than Jul-Dec rates due to summer/winter rate differentials
- The increase in rates and decrease in PCIA is driven by lower brown power costs and higher RA and RPS



Overview of Energy Cost Changes

- Energy costs typically have variability between budget and actuals and year over year volatility
- Decrease in Capacity is due to sale of previous procurement in anticipation of Stockton joining in 2024 and the CEC changing the load forecast methodology for 2025
- Renewable energy costs increased by nearly \$55MM, or about 41%
- Decreases in carbon free energy is due to increases in the large hydro allocation that is provided due to PCIA
- CAISO ancillary costs and basis price spreads have been consistently to our benefit

Budget to Actual Attribute Energy Costs



Power Charge Indifference Adjustment Rate (PCIA) Uncertainty

- The California Public Utilities Commission (CPUC) set PCIA and PG&E bundled customer rates for 2025 in a [December 2024 decision](#).
- The CPUC's decision indicated that these rates are subject to after-the-fact revision for a change in PCIA methodology: **"the Commission may in another proceeding consider revisions to the [Market Price Benchmark] MPB methodology that may impact the adopted 2025 Final MPBs."**
- MPBs reflect prevailing market costs for different energy products – renewable energy certificates, brown power, and Resource Adequacy (RA). There is a formally set methodology approved by the CPUC to collect market data and calculate the MPBs. MPBs are used to calculate the PCIA and the PCIA is in turn part of the aggregate electricity rates.
- Translation – *Ava's 2025 collections are subject to revisitation via rate changes in 2026, if/when the CPUC revises the 2025 Final MPBs.*
- The CPUC may change a key element of the PCIA.
- Retroactive revisions to Ava's 2025 revenue could be effectuated via 2026 rates.

PCIA Rate Uncertainty – PCIA Mechanics

- **PCIA and PG&E's bundled customer rates are a key determinant of Ava revenue**
- PCIA is a nonbypassable charge to recover the stranded costs of PG&E's legacy procurement portfolio.
- PCIA is *not* an exit fee. **All customers pay PCIA.**
 - MPBs determine the value of PG&E's legacy procurement portfolio, and so drive PCIA rates
 - High MPBs => low PCIA => greater operating headroom for Ava revenue
 - 2025 *Forecast* MPBs were relatively high (see sidebar).
 - A change to the 2025 methodology would impact
 - the true-up of 2025 rates (with revisions to take effect in 2026) and
 - the forecast of 2026 rates (which will also take effect in 2026, subject to true-up in 2027)

System RA MPBs (\$/kw/year)		
2023 (final)	2024 (final)	2025 (forecast)
14.37	28.26	40.31

What change, if any, the CPUC will make to MPBs, is unknown. Accordingly, the financial impacts of any changes are also unknown.

Surplus Revenue Waterfall Allocation

		Allocation	Balance
Mid-Year Estimated Net Revenues			94,926,000
Contributions			
Working Capital		-	94,926,000
Reserve Funds		50,000,000	44,926,000
Divisional Surplus			
CARE/FERA/MED Credit	\$25	5,010,000	39,916,000
On Bill Credits	60%	15,000,000	24,916,000
Net Billing Tariff Program	40%	10,000,000	14,916,000
Total Divisional		30,010,000	
Reserve Fund Additional			14,916,000
Total to Reserves			64,916,000

Resolution R-2024-42: Waterfall Allocations of Surplus Revenue

- First \$50MM to Reserve Funds
- CARE/FERA/MED customers each receive \$25 bill credit (currently about 200,400 accounts)
- Next \$25MM split 60/40 to additional on-bill credits and Net Billing Tariff resilience program
- Remaining surplus allocated to reserve funds

Reserve Funds

Contribution Year	Contribution	Withdraws	Balance	Operating Expenses*	PctCoverage
2018-2019	40,513,687	-	40,513,687	410,686,000	9.9%
2019-2020	49,704,640	-	90,218,327	383,045,000	23.6%
2020-2021	-	-	90,218,327	471,897,000	19.1%
2021-2022	65,655,073	-	155,873,400	562,667,000	27.7%
2022-2023	75,000,000	-	230,873,400	732,885,000	31.5%
2023-2024	100,000,000	-	330,873,400	828,800,000	39.9%
2024-2025**	64,916,000	-	395,789,400	1,076,267,000	36.8%

*Operating Expenses are fiscal year ahead for coverage purposes

**Proposed contribution with projected operating expenses to cover for FY 25-26 as of 1/28/2025

Reserve fund policy P-10.1 as set by resolution R-2021-2

- Target percentage is 50% of operating expenses
- Range allows as low as 25% and as high as 75% variation

- Because reserves are to cover forward operating expenses, the Operating Expenses column are the forward fiscal year's values
- The Forward FY expenses for 2023-2024 contributions are current updated operating expenses
 - Current reserves provide approximately 40% coverage
- Contributions from current FY revenues increase balance to cover next FY's operating expense
 - Currently estimated near \$1B

Moss Landing Fire Overview

Joanie Brooke | February 5, 2025



Moss Landing Battery Fire – what happened?

Moss Landing was a non-standard design:

- Phase I was built indoors, as one large 300MW battery
- Minimal fire barriers between cells/modules
- Battery chemistry: Lithium Nickel Manganese Cobalt Oxide (NMC), generally considered more prone to thermal runaway
- Phase I was constructed before NFPA 855 established standards for battery storage design and installation
- The non-standard design, and emergency response standards, allowed the fire to propagate through the entire building.



Image: Interior of Moss Landing BESS Phase I

Current Standards

Current fire standard: NFPA 855

- Released 4/1/2020, Updated 8/25/2023
- Standard dictates testing, fire walls, minimum spacing between units, site-specific hazard mitigations, & emergency response planning.
- Each container has dedicated HVAC unit, smoke, gas & fire alarms, fire suppression systems, & automatic shut-off controls.
- Factory testing ensures containers can suppress fires and prevent igniting adjacent units

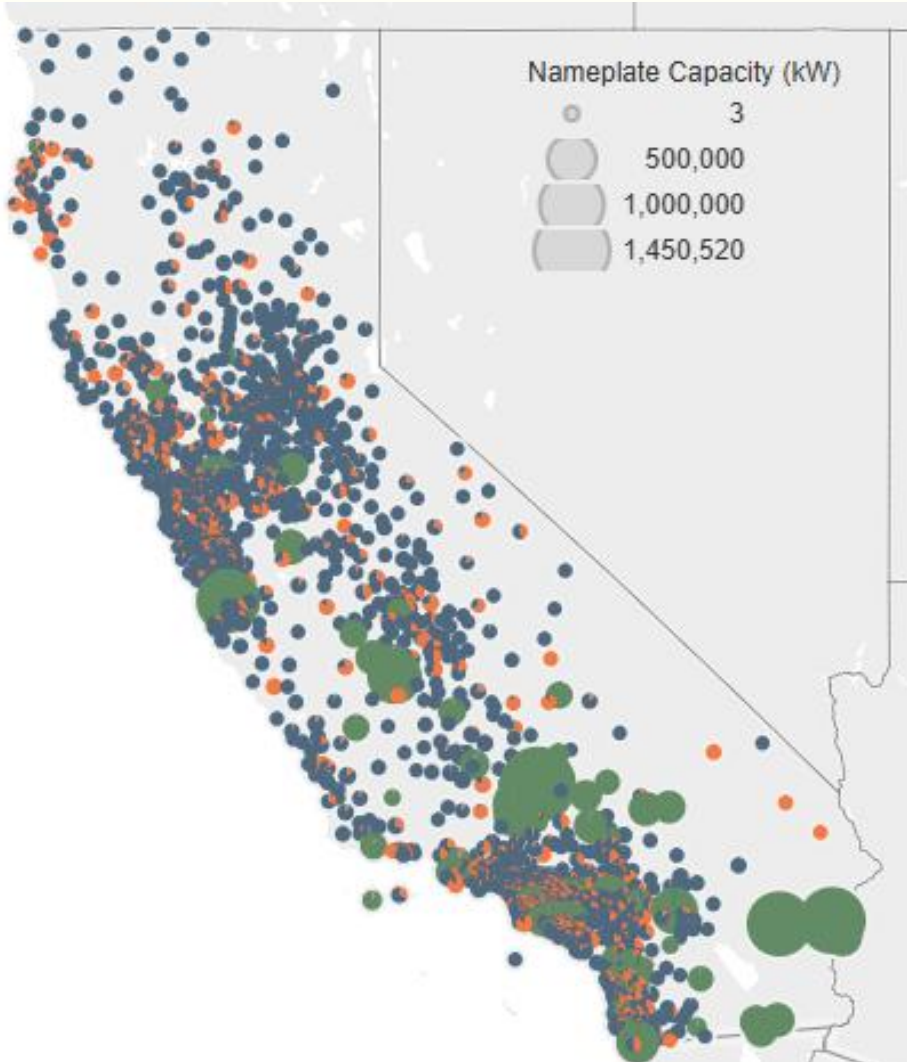
Battery Chemistry

- Lithium Iron Phosphate (LFP) is the most common chemistry today, generally considered to be stable.



Image Source: Daggett PV+Storage March 2024 Progress Report

Overview of California Energy Storage



Statewide Energy Storage Capacity: 13,391 MW

Customer Sector	Total Capacity (MW)	Installations	Average Capacity (kW)
Residential	1,354	193,070	7
Commercial	576	3,211	179
Utility	11,462	187	61,292
Total	13,391	196,468	68

- ⑩ California has over 13,000MW of Energy Storage online as of the end of 2024 and ~11,500MW is Utility scale
- ⑩ >94% of all utility scale battery capacity came online in 2021 or later after NFPA 855 standards were released

* Information taken from [CEC CA Energy Storage Survey](#)

Overview of Ava's Contracted Batteries

Ava's contracted portfolio:

- 19 Storage Sites under contract (+1GW Nameplate)
 - 7 in operation (352.5MW)
 - 12 under development (737 MW)
- All are outdoor stationary containers (~2MW each)
- All permitted after NFPA 855 was released
- 16 Lithium-ion Phosphate (LFB)
- 3 Lithium Nickel Manganese Cobalt Oxide (NMB)
 - Ava is discussing full safety reviews of NMB sites with the developers.



Image Source: Scarlet I PV+Storage Feb 2024 Progress Report

Project List

Project	Technology	Actual / Forecasted COD	Storage Capacity (MW)	Contract Duration (yr)	County	State
ONLINE PROJECTS						
Henrietta D	BESS	12/28/2021	10	15	Kings	California
Ocotillo	Solar + Storage	8/31/2023	50	10	San Diego	California
Daggett	Solar + Storage	9/5/2023	12.5	15	San Bernadino	California
Oberon	Solar + Storage	1/1/2024	125	15	Riverside	California
Scarlet I	Solar + Storage	5/3/2024	30	20	Fresno	California
Tumbleweed_4hr	BESS	7/16/2024	50	15	Kern	California
Scarlet II_BESS	BESS	12/11/2024	75	10	Fresno	California
PROJECTS IN DEVELOPEMENT						
Malaga – BESS	BESS	2/15/2025	96	15	Fresno	California
Hanford	BESS	3/6/2025	16	15	Kings	California
Kola	BESS	7/7/2025	125	20	San Joaquin	California
Alpaugh	BESS	4/1/2026	5	12	Tulare	California
Sun Pond	Solar + Storage	4/1/2026	42.5	20	Maricopa	Arizona
Tumbleweed_8hr	BESS	6/1/2026	50	12	Kern	California
Scarlet III – BESS	BESS	12/31/2026	70	10	Fresno	California
Aramis	BESS	1/1/2027	25	10	Alameda	California
Imperial Sun	Solar + Storage	3/31/2027	100	15	Imperial	California
Gabriel BESS	BESS	5/10/2027	100	20	Los Angeles	California
Zeta Solar	Solar + Storage	7/26/2027	37.5	20	Merced	California
Rosemary	Solar + Storage	6/1/2028	70	20	Fresno	California