

Critical Municipal
Facilities Update
March 5, 2025



Previous Update

- 1) We are at a critical juncture with this CMF portfolio in light of the NEM 2.0 deadline in April 2026, which requires projects to be online prior to this date to preserve maximum cost savings.
- 2) Any opportunity to meet this deadline on the full portfolio requires us to move forward immediately to complete project designs and order long-lead equipment.
- 3) Losing NEM 2.0 status would significantly reduce cost savings, making City portfolios no longer cost neutral
- 4) Our financing counterparty, Green Bridge, is pausing work on this process and re-assessing their risk and ability to continue moving forward.
- 5) **Ava staff to continue to assess this risk and further diligence options presented to provide a recommendation to the board, likely in March.**
 - **A potential recommendation is to focus on NEM 2.0 sites and downsize the portfolio in order to derisk our build timeframe and select the highest margin and most straight forward construction projects. (*Options 2 or 3 from prior slide*)**
 - **Focus diligence on owning and building projects on Ava's balance sheet, Public Works requirements, and the capital costs of such an investment. Further model various downside economic scenarios such as: missing the NEM 2.0 deadline, tariffs, losing ITC/direct pay/federal incentives**

Recent Activity

City Updates

- Staff has evaluated sites for those that have the highest probability (based on ease of installation and energy savings) of being connected by April 15, 2026 to meet NEM2.0 deadline
- Staff has talked with City Staff and confirmed interest in Ava continuing to develop a smaller portfolio of projects and is confirming the prioritization of the selected Sites

Procurement and Schedule

- Issuing Public Works Design-Build RFP to expedite identifying and contracting with a qualified contractor
- The schedule to install projects and meet NEM2.0 is very tight, preliminary discussions with solar installers indicate confidence in being able to install systems by April, 26. The RFP will require a schedule commitment and willingness to agree to Ava's contract terms , which will ultimately determine if the schedule is feasible
- Ava counsel is reviewing the EPC (engineering, procurement and construction) contract that was used by Peninsula Clean Energy to own projects in their Municipal resilience program

Reduced CMF Portfolio

- Prioritizing two sites per City with Staff feedback, which are a mix of rooftop and carport systems
- Will confirm confidence in ability to install projects by 4/15/26 through RFP
- Evaluating impacts of losing NEM2.0 savings at site level in case contractors are unable to commit to all 12 sites by NEM2.0
- Anticipate offering cities a fixed priced PPA based on EPC costs and Ava's internal cost of capital
 - o Goal is to maximize savings to cities with a minimum floor of net neutral

# of Sites	kW (Solar)	kWh (Battery)	Construction Cost	Fed Tax Credit
12	830	2,028	~\$6-8M*+	\$1.8 -\$2.4M**

*Pricing estimate, to be confirmed through RFP

** Fed Tax Credit based on 30% of Construction Cost, 40% is possible on some sites

PPA Pricing Approach

1. Set PPA price based on:
 - Development, Operational, Administrative costs and Contingency, Ava Cost of Capital
2. Calculate base case city savings
3. Quantify risks that could impact Costs or Savings
 - Federal ITC/Direct Pay, Tariffs, grants, NEM2.0 timeline
4. Develop risk sharing approach with Cities that maintains cost neutrality
 - This will account for estimated city savings reductions and Ava cost increases from base case
5. Ava to reserve funds during development and operations to account for risk

Next Steps

- Qualify respondents to Ava RFQ and issue RFP to selected contractors
- Confirm pricing and schedule from Contractor responses
- Confirming process and for Ava developing and owning Solar + Storage projects
- Develop PPA pricing under Ava ownership and review City Savings
- Determine Ava's ability to allocate funding for Solar and Storage development and operations
- Run downside scenarios based on Federal policy changes (ITC and tariffs)
- Allocate funding for development, operations and reserves
- Evaluate if PV systems can be re-designed to deliver savings under NEM3.0

Previous Board Summary



Executive Summary

- Ava has been working with a renewable energy developer, Green Bridge Energy, to design, construct, and operate solar and storage systems across 30 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.
- Ava has been working towards execution of a master PPA with Green Bridge to enable early-phase projects to kickoff development to support NEM2.0 qualification deadlines, which require online dates by April 2026
- Smaller (20-200kW) solar & storage energy systems have always presented a technical challenge due to the unique nature of the facilities and small sizes with very few installers and solar PPA counterparties focused on this segment
- Combining the portfolio, creating greater scale, and applying the Ava CMF incentive program is intended to enable this portfolio to be built

City	Total sites / NEM2	kW (Solar)	kWh (Battery)	Savings as % of total bill*
Berkeley	2 / 2	186	387	15.7%
Fremont	6 / 2	318	697	14.5%
Hayward	4 / 3	219	387	8.9%
Livermore	5 / 4	2,822	1,754	5.6%
Oakland	8 / 4	909	1,703	6.0%
San Leandro	7 / 5	882	1,780	11.4%

*Based on last available PPA pricing

- Types of facilities include libraries, senior centers, community centers, city halls, police & fire stations, corporation yards & service centers.