

Attachment B: Problem Statement

[Context & Vision]

Ava's primary objective is to drive deep decarbonization in the communities we serve. We believe electrification is one of the most critical and scalable pathways to achieve this goal. Our objective goes beyond supplying 100% carbon-free power - we want to accelerate the electrification of transportation and buildings to reduce greenhouse gas emissions.

[Role]

Ava recognizes that we cannot and should not attempt to solve every aspect of the electrification transition. We need to be strategic about focusing our efforts where we have the greatest influence in order to make the best use of our decarbonization investments. As a CCA, Ava is uniquely positioned to implement high-impact customer programs by leveraging:

- municipal relationships,
- direct-to-customer residential, commercial and industrial relationships
- customer characteristics and load data to provide meaningful customer insights,
- ability to implement new rate designs, and
- flexible, meaningful funding.

[Barriers]

While Ava is well-positioned to develop customer programs that support electrification,, there are significant barriers to widespread adoption of electrification within our service territory, including:

- High and rising electricity costs
- High upfront expense for electrification technologies
- Workforce limitations
- Grid infrastructure limitations/challenges
- Complexity of the topic for consumers
- Aging buildings and development patterns

If these and other novel barriers are not addressed effectively and cumulatively, electrification of transportation and buildings will continue to be out of reach for most of our community members and broad decarbonization goals will not be met.

[Desired Outcome]

Given the need to drive decarbonization beyond sectors that are already electrified, Ava's long-term focus will be to leverage its strategic advantages as a public agency to make the electrification of fossil-fueled sectors affordable and accessible - primarily through customer programs, which may include rate-setting, incentive offerings, grants, or other approaches.