



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

In Person:

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

Or from the following locations:

Hayward City Hall, Conference Room 4A, 777 B St, Hayward, CA 94541
Stockton City Hall, 425 N El Dorado St., Stockton CA 95202
City Council Office, Pleasanton City Hall, 123 Main St., Pleasanton, CA 94566
The Claremont Conference Room - 375 Beale St., San Francisco, CA 94105

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. 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.*

3. Approval of Minutes from October 1, 2025

4. Proposed JPA Updates (Informational Item)

Miscellaneous proposed clarifications to the JPA

5. SmartHome Battery Program (Informational Item)

Update on SmartHome Battery and Resilience Hub Program budget and design

6. Customer Programs Strategic Roadmap (Informational Item)

Update on the RFP process

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

8. Adjourn

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



Draft Minutes
Executive Committee Meeting
Wednesday, October 1, 2025
3:00 pm

In Person:

Altamont Conference Room
Ava Community Energy
1999 Harrison Street, Suite 2300
Oakland, CA 94612

Or from the following locations:

Hayward City Hall, Conference Room 4A, 777 B St, Hayward, CA 94541
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1. (10:58) Welcome & Roll Call

Present: Members: Andersen (Piedmont), Balch (Pleasanton), Vice-Chair Roche and Chair Gonzalez (San Leandro)

Not Present: Members: Marquez (Alameda County) and Fugazi (Stockton)

2. (11:45) 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.

(12:35) Public Comment - Jim Lutz spoke about localizing the operating expenses in Ava's budget.

3. (15:47) Approval of Minutes from September 3, 2025

There were no comments.

Member Andersen motioned to approve the minutes. Member Balch seconded the motion, which was approved 4/0/0/0/2 (yes, no, abstain, recuse, not present)

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

No: none

Abstain: none

Recuse: none

Not Present: Members Marquez and Fugazi,

4. (16:58) Administrative Procurement Policy (Informational Item)

Various updates to Ava's non-energy Procurement Policy for improved efficiency.

Legal Director John Perkins introduced this item and addressed questions from Board members.

Chair Gonzalez opened the public comment period and there were no comments.

5. (56:04) CAC Guide Updates (Informational Item)

Add Unincorporated County and make administrative updates to CAC Guide.

Senior Public Engagement Coordinator Cait Cady introduced this item and addressed questions from Board members.

Chair Gonzalez opened the public comment period and there were no comments.

6. (1:35:24) Committee Member and Staff Announcements including requests to place items on future Executive Committee Agendas

There were no committee member or staff announcements.

7. (1:35:32) Adjourn

The meeting was adjourned at 4:33pm.

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

Altamont Conference Room
Ava Community Energy
1999 Harrison Street, Suite 2300
Oakland, CA 94612



Staff Report Item 4

To:	Ava Community Energy Authority
From:	John Perkins, Legal Director
Subject:	Updating the Joint Powers Agreement to add clarifications and to align the Agreement with established Board practice.
Date:	November 5 th ExCom Meeting (in advance of December 17 Board Meeting)

Summary/Recommendation

This Staff Report proposes updating Ava's Joint Powers Agreement as detailed below in order to add clarifications and clearly align the JPA with established patterns and practices of the Board.

Financial Impact

N/A

Analysis and Context

This Staff Report proposes the following updates to the JPA:

1. Clarify the requirements of establishing quorum by expressly referencing that the Ex Officio Board member may not count toward the quorum calculation and by establishing that the number of required Board members is based on the number of Parties regardless of whether a new party has yet selected a Director.
2. Clarify the Voting Shares Formula to expressly align with the approach the Board has consistently taken.
3. Clarify the committee appointment process to expressly align with the approach the Board has consistently taken.
4. Align the JPA with the Community Advisory Committee Guide.
5. Provide for flexibility in the timing of the appointment of the Chair and Vice Chair.

Attachments

Redlined proposed update to the JPA.

Ava Community Energy Authority

- Joint Powers Agreement –

Effective December 1, 2016

As amended by Resolution No. 2018-23 dated June 20, 2018

As further amended by Resolution No. 2022-28 dated September 21, 2022

As further amended by Resolution No. 2023-48 dated September 20, 2023

As further amended by Resolution No. 2023-54 dated October 18, 2023

As further amended by Resolution No. 2024-57 dated July 17, 2024

Among The Following Parties:

County of Alameda

County of San Joaquin

City of Albany

City of Berkeley

City of Dublin

City of Emeryville

City of Fremont

City of Hayward

City of Lathrop

City of Livermore

City of Newark

City of Oakland

City of Piedmont

City of Pleasanton

City of San Leandro

City of Stockton

City of Tracy

City of Union City

AVA COMMUNITY ENERGY AUTHORITY

JOINT POWERS AGREEMENT

This Joint Powers Agreement (“Agreement”), effective as of December 1, 2016, is made and entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Section 6500 *et seq.*) of the California Government Code relating to the joint exercise of powers among the parties set forth in Exhibit A (“Parties”). The term “Parties” shall also include an incorporated municipality or county added to this Agreement in accordance with Section 3.1.

RECITALS

1. The Parties are either incorporated municipalities or counties sharing various powers under California law, including but not limited to the power to purchase, supply, and aggregate electricity for themselves and their inhabitants.
2. In 2006, the State Legislature adopted AB 32, the Global Warming Solutions Act, which mandates a reduction in greenhouse gas emissions in 2020 to 1990 levels. The California Air Resources Board is promulgating regulations to implement AB 32 which will require local government to develop programs to reduce greenhouse gas emissions.
3. The purposes for the Initial Participants (as such term is defined in Section 1.1.16 below) entering into this Agreement include securing electrical energy supply for customers in participating jurisdictions, addressing climate change by reducing energy related greenhouse gas emissions, promoting electrical rate price stability, and fostering local economic benefits such as jobs creation, community energy programs and local power development. It is the intent of this Agreement to promote the development and use of a wide range of renewable energy sources and energy efficiency programs, including but not limited to State, regional and local solar and wind energy production.
4. The Parties desired to establish a separate public agency, known as the East Bay Community Energy Authority (“Authority”), under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 *et seq.*) (“Act”) in order to collectively study, promote, develop, conduct, operate, and manage energy programs.
5. The Initial Participants each adopted an ordinance electing to implement through the Authority a Community Choice Aggregation program pursuant to California Public Utilities Code Section 366.2 (“CCA Program”). The first priority of the Authority will be the consideration of those actions necessary to implement the CCA Program.
6. By establishing the Authority, the Parties seek to:
 - (a) Provide electricity rates that are lower or competitive with those offered by PG&E for similar products;

- (b) Offer differentiated energy options (e.g. 33% or 50% qualified renewable) for default service, and a 100% renewable content option in which customers may “opt-up” and voluntarily participate;
 - (c) Develop an electric supply portfolio with a lower greenhouse gas (GHG) intensity than PG&E, and one that supports the achievement of the parties’ greenhouse gas reduction goals and the comparable goals of all participating jurisdictions;
 - (d) Establish an energy portfolio that prioritizes the use and development of local renewable resources and minimizes the use of unbundled renewable energy credits;
 - (e) Promote an energy portfolio that incorporates energy efficiency and demand response programs and has aggressive reduced consumption goals;
 - (f) Demonstrate quantifiable economic benefits to the region (e.g. union and prevailing wage jobs, local workforce development, new energy programs, and increased local energy investments);
 - (g) Recognize the value of workers in existing jobs that support the energy infrastructure of Alameda County and Northern California. The Authority, as a leader in the shift to a clean energy, commits to ensuring it will take steps to minimize any adverse impacts to these workers to ensure a “just transition” to the new clean energy economy;
 - (h) Deliver clean energy programs and projects using a stable, skilled workforce through such mechanisms as project labor agreements, or other workforce programs that are cost effective, designed to avoid work stoppages, and ensure quality;
 - (i) Promote personal and community ownership of renewable resources, spurring equitable economic development and increased resilience, especially in low income communities;
 - (j) Provide and manage lower cost energy supplies in a manner that provides cost savings to low-income households and promotes public health in areas impacted by energy production; and
 - (k) Create an administering agency that is financially sustainable, responsive to regional priorities, well managed, and a leader in fair and equitable treatment of employees through adopting appropriate best practices employment policies, including, but not limited to, promoting efficient consideration of petitions to unionize, and providing appropriate wages and benefits.
- (l) The Parties desire to change the name of the agency from East Bay Community Energy Authority to Ava Community Energy Authority.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Parties as follows:

ARTICLE 1 **CONTRACT DOCUMENTS**

1.1 Definitions. Capitalized terms used in the Agreement shall have the meanings specified below, unless the context requires otherwise.

- 1.1.1** “AB 117” means Assembly Bill 117 (Stat. 2002, ch. 838, codified at Public Utilities Code Section 366.2), which created CCA.
- 1.1.2** “Act” means the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 *et seq.*)
- 1.1.3** “Agreement” means this Joint Powers Agreement.
- 1.1.4** “Annual Energy Use” has the meaning given in Section 1.1.23.
- 1.1.5** “Authority” means the Ava Community Energy Authority established pursuant to this Joint Powers Agreement.
- 1.1.6** “Authority Document(s)” means document(s) duly adopted by the Board by resolution or motion implementing the powers, functions and activities of the Authority, including but not limited to the Operating Rules and Regulations, the annual budget, and plans and policies.
- 1.1.7** “Board” means the Board of Directors of the Authority.
- 1.1.8** “Community Choice Aggregation” or “CCA” means an electric service option available to cities and counties pursuant to Public Utilities Code Section 366.2.
- 1.1.9** “CCA Program” means the Authority’s program relating to CCA that is principally described in Sections 2.4 and 5.1.
- 1.1.10** “Days” shall mean calendar days unless otherwise specified by this Agreement.
- 1.1.11** “Director” means a member of the Board of Directors representing a Party, including an alternate Director.
- 1.1.12** “Effective Date” means the date on which this Agreement shall become effective and the Ava Community Energy Authority shall exist as a separate public agency, as further described in Section 2.1.

- 1.1.13** “Ex Officio Board Member” means a non-voting member of the Board of Directors as described in Section 4.2.2. As a non-voting member, The the Ex Officio Board Member will not count towards establishing quorum and may not serve on the Executive Committee of the Board, make or second a motion, or participate in closed session meetings of the Board.
- 1.1.14** “Implementation Plan” means the plan generally described in Section 5.1.2 of this Agreement that is required under Public Utilities Code Section 366.2 to be filed with the California Public Utilities Commission for the purpose of describing a proposed CCA Program.
- 1.1.15** “Initial Costs” means all costs incurred by the Authority relating to the establishment and initial operation of the Authority, such as the hiring of a Chief Executive Officer and any administrative staff, any required accounting, administrative, technical and legal services in support of the Authority’s initial formation activities or in support of the negotiation, preparation and approval of power purchase agreements. The Board shall determine the termination date for Initial Costs.
- 1.1.16** “Initial Participants” means, for the purpose of this Agreement the County of Alameda, the Cities of Albany, Berkeley, Emeryville, Oakland, Piedmont, San Leandro, Hayward, Union City, Fremont, Dublin, and Livermore.
- 1.1.17** “Operating Rules and Regulations” means the rules, regulations, policies, bylaws and procedures governing the operation of the Authority.
- 1.1.18** “Parties” means, collectively, the signatories to this Agreement that have satisfied the conditions in Sections 2.2 or 3.1 such that it is considered a member of the Authority.
- 1.1.19** “Party” means, singularly, a signatory to this Agreement that has satisfied the conditions in Sections 2.2 or 3.1 such that it is considered a member of the Authority.
- 1.1.20** “Percentage Vote” means a vote taken by the Board pursuant to Section 4.12.1 that is based on each Party having one equal vote.
- 1.1.21** “Total Annual Energy” has the meaning given in Section 1.1.23.
- 1.1.22** “Voting Shares Vote” means a vote taken by the Board pursuant to Section 4.12.2 that is based on the voting shares of each Party described in Section 1.1.23 and set forth in Exhibit C to this Agreement. A Voting Shares vote cannot take place on a matter unless the matter first receives an affirmative or tie Percentage Vote in the manner required by Section 4.12.1 and three or more Directors immediately thereafter request such vote.

1.1.23 “Voting Shares Formula” means the weight applied to a Voting Shares Vote and is determined by the following formula:

(Annual Energy Use/Total Annual Energy) multiplied by 100, where (a) “Annual Energy Use” means ~~(i) with respect to the first two years following the Effective Date,~~ the annual electricity usage, expressed in kilowatt hours (“kWh”), within the Party’s respective jurisdiction ~~and (ii) with respect to the period after the second anniversary of the Effective Date, the annual electricity usage, expressed in kWh, of accounts within a Party’s respective jurisdiction that are served by the Authority~~ and (b) “Total Annual Energy” means the sum of all Parties’ Annual Energy Use. The initial values for Annual Energy use are designated in Exhibit B and the initial voting shares are designated in Exhibit C. Both Exhibits B and C shall be adjusted annually as soon as reasonably practicable after January 1, but no later than March 1 of each year subject to the approval of the Board.

1.2 Documents Included. This Agreement consists of this document and the following exhibits, all of which are hereby incorporated into this Agreement.

- Exhibit A: List of the Parties
- Exhibit B: Annual Energy Use
- Exhibit C: Voting Shares

1.3 Revision of Exhibits. The Parties agree that Exhibits A, B and C to this Agreement describe certain administrative matters that may be revised upon the approval of the Board, without such revision constituting an amendment to this Agreement, as described in Section 8.4. The Authority shall provide written notice to the Parties of the revision of any such exhibit.

ARTICLE 2

FORMATION OF AVA COMMUNITY ENERGY AUTHORITY (FORMERLY EAST BAY COMMUNITY ENERGY AUTHORITY)

2.1 Effective Date and Term. This Agreement shall become effective and Ava Community Energy Authority shall exist as a separate public agency on December 1, 2016, provided that this Agreement is executed on or prior to such date by at least three Initial Participants after the adoption of the ordinances required by Public Utilities Code Section 366.2(c)(12). The Authority shall provide notice to the Parties of the Effective Date. The Authority shall continue to exist, and this Agreement shall be effective, until this Agreement is terminated in accordance with Section 7.3, subject to the rights of the Parties to withdraw from the Authority.

2.2 Initial Participants. Until December 31, 2016, all other Initial Participants may become a Party by executing this Agreement and delivering an executed copy of this Agreement and a copy of the adopted ordinance required by Public Utilities Code Section 366.2(c)(12) to the

Authority. Additional conditions, described in Section 3.1, may apply (i) to either an incorporated municipality or county desiring to become a Party that is not an Initial Participant and (ii) to Initial Participants that have not executed and delivered this Agreement within the time period described above.

2.3 Formation. There is formed as of the Effective Date a public agency named the East Bay Community Energy Authority, later renamed Ava Community Energy Authority. Pursuant to Sections 6506 and 6507 of the Act, the Authority is a public agency separate from the Parties. The debts, liabilities or obligations of the Authority shall not be debts, liabilities or obligations of the individual Parties unless the governing board of a Party agrees in writing to assume any of the debts, liabilities or obligations of the Authority. A Party who has not agreed to assume an Authority debt, liability or obligation shall not be responsible in any way for such debt, liability or obligation even if a majority of the Parties agree to assume the debt, liability or obligation of the Authority. Notwithstanding Section 8.4 of this Agreement, this Section 2.3 may not be amended unless such amendment is approved by the governing boards of all Parties.

2.4 Purpose. The purpose of this Agreement is to establish an independent public agency in order to exercise powers common to each Party and any other powers granted to the Authority under state law to participate as a group in the CCA Program pursuant to Public Utilities Code Section 366.2(c)(12); to study, promote, develop, conduct, operate, and manage energy and energy-related climate change programs; and, to exercise all other powers necessary and incidental to accomplishing this purpose.

2.5 Powers. The Authority shall have all powers common to the Parties and such additional powers accorded to it by law. The Authority is authorized, in its own name, to exercise all powers and do all acts necessary and proper to carry out the provisions of this Agreement and fulfill its purposes, including, but not limited to, each of the following:

- 2.5.1** to make and enter into contracts, including those relating to the purchase or sale of electrical energy or attributes thereof;
- 2.5.2** to employ agents and employees, including but not limited to a Chief Executive Officer and General Counsel;
- 2.5.3** to acquire, contract, manage, maintain, and operate any buildings, works or improvements, including electric generating facilities;
- 2.5.4** to acquire property by eminent domain, or otherwise, except as limited under Section 6508 of the Act, and to hold or dispose of any property;
- 2.5.5** to lease any property;
- 2.5.6** to sue and be sued in its own name;
- 2.5.7** to incur debts, liabilities, and obligations, including but not limited to loans from private lending sources pursuant to its temporary borrowing powers such as Government Code Section 53850 *et seq.* and authority under the Act;

- 2.5.8 to form subsidiary or independent corporations or entities, if appropriate, to carry out energy supply and energy conservation programs at the lowest possible cost consistent with the Authority's CCA Program implementation plan, risk management policies, or to take advantage of legislative or regulatory changes;
- 2.5.9 to issue revenue bonds and other forms of indebtedness;
- 2.5.10 to apply for, accept, and receive all licenses, permits, grants, loans or other assistance from any federal, state or local public agency;
- 2.5.11 to submit documentation and notices, register, and comply with orders, tariffs and agreements for the establishment and implementation of the CCA Program and other energy programs;
- 2.5.12 to adopt rules, regulations, policies, bylaws and procedures governing the operation of the Authority ("Operating Rules and Regulations");
- 2.5.13 to make and enter into service, energy and any other agreements necessary to plan, implement, operate and administer the CCA Program and other energy programs, including the acquisition of electric power supply and the provision of retail and regulatory support services; and
- 2.5.14 to negotiate project labor agreements, community benefits agreements and collective bargaining agreements with the local building trades council and other interested parties.

2.6 Limitation on Powers. As required by Government Code Section 6509, the power of the Authority is subject to the restrictions upon the manner of exercising power possessed by the City of Emeryville and any other restrictions on exercising the powers of the Authority that may be adopted by the Board.

2.7 Compliance with Local Zoning and Building Laws. Notwithstanding any other provisions of this Agreement or state law, any facilities, buildings or structures located, constructed or caused to be constructed by the Authority within the territory of the Authority shall comply with the General Plan, zoning and building laws of the local jurisdiction within which the facilities, buildings or structures are constructed and comply with the California Environmental Quality Act ("CEQA").

2.8 Compliance with the Brown Act. The Authority and its officers and employees shall comply with the provisions of the Ralph M. Brown Act, Government Code Section 54950 *et seq.*

2.9 Compliance with the Political Reform Act and Government Code Section 1090. The Authority and its officers and employees shall comply with the Political Reform Act (Government Code Section 81000 *et seq.*) and Government Code Section 1090 *et seq.*, and shall adopt a Conflict of Interest Code pursuant to Government Code Section 87300. The Board of

Directors may adopt additional conflict of interest regulations in the Operating Rules and Regulations.

ARTICLE 3

AUTHORITY PARTICIPATION

3.1 Addition of Parties. Subject to Section 2.2, relating to certain rights of Initial Participants, other incorporated municipalities and counties may become Parties upon (a) the adoption of a resolution by the governing body of such incorporated municipality or county requesting that the incorporated municipality or county, as the case may be, become a member of the Authority, (b) the adoption by an affirmative vote of a majority of all Directors of the entire Board satisfying the requirements described in Section 4.12, of a resolution authorizing membership of the additional incorporated municipality or county, specifying the membership payment, if any, to be made by the additional incorporated municipality or county to reflect its pro rata share of organizational, planning and other pre-existing expenditures, and describing additional conditions, if any, associated with membership, (c) the adoption of an ordinance required by Public Utilities Code Section 366.2(c)(12) and execution of this Agreement and other necessary program agreements by the incorporated municipality or county, (d) payment of the membership fee, if any, and (e) satisfaction of any conditions established by the Board.

3.2 Continuing Participation. The Parties acknowledge that membership in the Authority may change by the addition and/or withdrawal or termination of Parties. The Parties agree to participate with such other Parties as may later be added, as described in Section 3.1. The Parties also agree that the withdrawal or termination of a Party shall not affect this Agreement or the remaining Parties' continuing obligations under this Agreement.

ARTICLE 4

GOVERNANCE AND INTERNAL ORGANIZATION

4.1 Board of Directors. The governing body of the Authority shall be a Board of Directors ("Board") consisting of one director for each Party appointed in accordance with Section 4.2.

4.2 Appointment of Directors. The Directors shall be appointed as follows:

4.2.1 The governing body of each Party shall appoint and designate in writing one regular Director who shall be authorized to act for and on behalf of the Party on matters within the powers of the Authority. The governing body of each Party also shall appoint and designate in writing one alternate Director who may vote on matters when the regular Director is absent from a Board meeting. The person appointed and designated as the regular Director shall be a member of the governing body of the Party at the time of appointment but may continue to serve as a Director following his/her term as a member of the Party's governing body until a new Director is appointed pursuant to the timing in Section 4.3. The person appointed and designated as the alternate Director shall also be a member of the governing body of a Party and the alternate may continue to serve

as an alternate following his/her term as a member of a Party's governing body until a new alternate is appointed pursuant to the timing in Section 4.3.

- 4.2.2 The Board shall also include one non-voting ex officio member as defined in Section 1.1.13 ("Ex Officio Board Member"). The Chair of the Community Advisory Committee, as described in Section 4.9 below, shall serve as the Ex Officio Board Member. The Vice Chair of the Community Advisory Committee shall serve as an alternate Ex Officio Board Member when the regular Ex Officio Board Member is absent from a Board meeting.
- 4.2.3 The Operating Rules and Regulations, to be developed and approved by the Board in accordance with Section 2.5.12 may include rules regarding Directors, such as meeting attendance requirements. No Party shall be deprived of its right to seat a Director on the Board.

4.3 Term of Office. Each regular and alternate Director shall serve at the pleasure of the governing body of the Party that the Director represents and may be removed as Director by such governing body at the time. If at any time a vacancy occurs on the Board because a Director is no longer a member of a Party's governing body, the Party shall appoint a replacement to fill the position of the previous Director in accordance with the provisions of Section 4.2.1 within ninety (90) days of the date that such Director is no longer a member of a Party's governing body or for any other reason that such position becomes vacant.

4.4 Quorum. A majority of the Directors of the entire Board shall constitute a quorum, except that less than a quorum may adjourn a meeting from time to time in accordance with law. For the purpose of calculating quorum, the number of Directors of the entire Board shall be equal to the number of Parties to the Agreement, regardless of whether all Parties have appointed a Director.

4.5 Powers and Function of the Board. The Board shall conduct or authorize to be conducted all business and activities of the Authority, consistent with this Agreement, the Authority Documents, the Operating Rules and Regulations, and applicable law. Board approval shall be required for any of the following actions, which are defined as "Essential Functions":

- 4.5.1 The issuance of bonds or any other financing even if program revenues are expected to pay for such financing.
- 4.5.2 The hiring of a Chief Executive Officer and General Counsel.
- 4.5.3 The appointment or removal of an officer.
- 4.5.4 The adoption of the Annual Budget.
- 4.5.5 The adoption of an ordinance.

4.5.6 The initiation of resolution of claims and litigation where the Authority will be the defendant, plaintiff, petitioner, respondent, cross complainant or cross petitioner, or intervenor; provided, however, that the Chief Executive Officer or General Counsel, on behalf of the Authority, may intervene in, become party to, or file comments with respect to any proceeding pending at the California Public Utilities Commission, the Federal Energy Regulatory Commission, or any other administrative agency, without approval of the Board. The Board shall adopt Operating Rules and Regulations governing the Chief Executive Officer and General Counsel's exercise of authority under this Section 4.5.6.

4.5.7 The setting of rates for power sold by the Authority and the setting of charges for any other category of service provided by the Authority.

4.5.8 Termination of the CCA Program.

4.6 **Executive Committee.** The Board shall establish an Executive Committee consisting of a smaller number of Directors. The Board may delegate to the Executive Committee such authority as the Board might otherwise exercise, subject to limitations placed on the Board's authority to delegate certain Essential Functions, as described in Section 4.5 and the Operating Rules and Regulations. The Board may not delegate to the Executive Committee or any other committee its authority under Section 2.5.12 to adopt and amend the Operating Rules and Regulations or its Essential Functions listed in Section 4.5. After the Executive Committee meets or otherwise takes action, it shall, as soon as practicable, make a report of its activities at a meeting of the Board.

4.7 **Director Compensation.** Directors shall receive a stipend of \$100 per meeting, as adjusted to account for inflation, as provided for in the Authority's Operating Rules and Regulations.

4.8 **Commissions, Boards and Committees.** The Board may establish any advisory commissions, boards and committees as the Board deems appropriate to assist the Board in carrying out its functions and implementing the CCA Program, other energy programs and the provisions of this Agreement. The Board may establish rules, regulations, policies, bylaws or procedures to govern any such commissions, boards, or committees and shall determine whether members shall be compensated or entitled to reimbursement for expenses. The Chair shall appoint Board members to committee assignments.

4.9 **Community Advisory Committee.** The Board shall establish a Community Advisory Committee consisting of ~~nine members and three alternates~~ members and alternates appointed by the Board of Directors, none of whom may be voting members of the Board. ~~One alternate from the pool of three alternates~~ An alternate may take the place of a Community Advisory Member when a Community Advisory Committee member cannot attend a meeting. ~~The Community Advisory Committee member that is unable to attend a meeting must notify the alternates of their inability to attend and obtain confirmation that one of the Alternates can attend the Community Advisory Committee meeting in that member's place. The size, structure, and procedures of the Committee will be set by the Board in the Community Advisory Committee~~

Guide. The function of the Community Advisory Committee shall be to advise the Board of Directors on all subjects related to the operation of the CCA Program as set forth in a work plan adopted by the Board of Directors from time to time, with the exception of personnel and litigation decisions. The Community Advisory Committee is advisory only, and shall not have decision making authority, or receive any delegation of authority from the Board of Directors. The Board shall publicize the opportunity to serve on the Community Advisory Committee and shall appoint members of the Community Advisory Committee and Alternates from those individuals expressing interest in serving, and who represent a diverse cross-section of interests, skill sets and geographic regions. ~~Members of the Community Advisory Committee shall serve staggered four years terms (the first term of three of the members shall be two years, and four years thereafter), which may be renewed.~~ A member or Alternate of the Community Advisory Committee may be removed by the Board of Directors by majority vote. The Board of Directors shall determine whether the Community Advisory Committee members will receive a stipend or be entitled to reimbursement of expenses.

4.10 Chief Executive Officer. The Board of Directors shall appoint a Chief Executive Officer for the Authority, who shall be responsible for the day-to-day operation and management of the Authority and the CCA Program. The Chief Executive Officer may exercise all powers of the Authority, including the power to hire, discipline and terminate employees as well as the power to approve any agreement, if the expenditure is authorized in the Authority's approved budget, except the powers specifically set forth in Section 4.5 or those powers which by law must be exercised by the Board of Directors. The Board of Directors shall provide procedures and guidelines for the Chief Executive Officer exercising the powers of the Authority in the Operating Rules and Regulations.

4.11 General Counsel. The Board of Directors shall appoint a General Counsel for the Authority, who shall be responsible for providing legal advice to the Board of Directors and overseeing all legal work for the Authority.

4.12 Board Voting.

4.12.1 Percentage Vote. Except when a supermajority vote is expressly required by this Agreement or the Operating Rules and Regulations, action of the Board on all matters shall require an affirmative vote of a majority of all Directors on the entire Board (a "Percentage Vote" as defined in Section 1.1.20). A supermajority vote is required by this Agreement for the matters addressed by Section 8.4. When a supermajority vote is required by this Agreement or the Operating Rules and Regulations, action of the Board shall require an affirmative Percentage Vote of the specified supermajority of all Directors on the entire Board. No action can be taken by the Board without an affirmative Percentage Vote. Notwithstanding the foregoing, in the event of a tie in the Percentage Vote, an action may be approved by an affirmative "Voting Shares Vote," as defined in Section 1.1.22, if three or more Directors immediately request such vote.

4.12.2 Voting Shares Vote. In addition to and immediately after an affirmative percentage vote, three or more Directors may request that, a vote of the

voting shares shall be held (a “Voting Shares Vote” as defined in Section 1.1.22). To approve an action by a Voting Shares Vote, the corresponding voting shares (as defined in Section 1.1.23 and Exhibit C) of all Directors voting in the affirmative shall exceed 50% of the voting share of all Directors on the entire Board, or such other higher voting shares percentage expressly required by this Agreement or the Operating Rules and Regulations. In the event that any one Director has a voting share that equals or exceeds that which is necessary to disapprove the matter being voted on by the Board, at least one other Director shall be required to vote in the negative in order to disapprove such matter. When a voting shares vote is held, action by the Board requires both an affirmative Percentage Vote and an affirmative Voting Shares Vote. Notwithstanding the foregoing, in the event of a tie in the Percentage Vote, an action may be approved on an affirmative Voting Shares Vote. When a supermajority vote is required by this Agreement or the Operating Rules and Regulations, the supermajority vote is subject to the Voting Share Vote provisions of this Section 4.12.2, and the specified supermajority of all Voting Shares is required for approval of the action, if the provision of this Section 4.12.2 are triggered.

4.13 Meetings and Special Meetings of the Board. The Board shall hold at least four regular meetings per year, but the Board may provide for the holding of regular meetings at more frequent intervals. The date, hour and place of each regular meeting shall be fixed by resolution or ordinance of the Board. Regular meetings may be adjourned to another meeting time. Special and Emergency meetings of the Board may be called in accordance with the provisions of California Government Code Section 54956 and 54956.5. Directors may participate in meetings telephonically, with full voting rights, only to the extent permitted by law.

4.14 Officers.

4.14.1 Chair and Vice Chair. Prior to the end of the fiscal year, the Directors shall elect, from among ~~themselves~~their regular members, a Chair, who shall be the presiding officer of all Board meetings, and a Vice Chair, who shall serve in the absence of the Chair. The newly elected Chair and Vice Chair shall commence serving in those capacities on July 1 or such date as the Board may choose, ~~except that no separate election shall be required for Fiscal Year 2018-2019 and the Chair and Vice Chair elected in 2018 shall continue to serve until the end of the 2018-2019 Fiscal Year and shall serve until they are replaced.~~ Subject to the remainder of this provision, The-the Chair and Vice Chair shall hold office for one year and serve no more than two consecutive terms, however, the total number of terms a Director may serve as Chair or Vice Chair is not limited. ~~If the Board changes the date on which the Chair or Vice Chair commences serving, the sitting Chair or Vice Chair shall continue to serve until such date, and such time shall not be deemed an additional term or portion thereof.~~ -The office of either the Chair or Vice Chair shall be declared vacant and the Board shall make a new selection if: (a) the person serving

dies, resigns, or ceases to be a member of the governing body of a Party that person represents, except if the person is continuing to serve on the Board after that person no longer serves on the governing body in conformance with section 4.2.1; (b) the Party that the person represents removes the person as its representative on the Board, or (c) the Party that the person represents withdraws from the Authority pursuant to the provisions of this Agreement.

4.14.2 Secretary. The Board shall appoint a Secretary, who need not be a member of the Board, who shall be responsible for keeping the minutes of all meetings of the Board and all other official records of the Authority.

4.14.3 Treasurer and Auditor. The Board shall appoint a qualified person to act as the Treasurer and a qualified person to act as the Auditor, neither of whom needs to be a member of the Board. The same person may not simultaneously hold both the office of Treasurer and the office of the Auditor of the Authority. Unless otherwise exempted from such requirement, the Authority shall cause an independent audit to be made annually by a certified public accountant, or public accountant, in compliance with Section 6505 of the Act. The Treasurer shall act as the depositary of the Authority and have custody of all the money of the Authority, from whatever source, and as such, shall have all of the duties and responsibilities specified in Section 6505.5 of the Act. The Board may require the Treasurer and/or Auditor to file with the Authority an official bond in an amount to be fixed by the Board, and if so requested, the Authority shall pay the cost of premiums associated with the bond. The Treasurer shall report directly to the Board and shall comply with the requirements of treasurers of incorporated municipalities. The Board may transfer the responsibilities of Treasurer to any person or entity as the law may provide at the time.

4.15 Administrative Services Provider. The Board may appoint one or more administrative services providers to serve as the Authority's agent for planning, implementing, operating and administering the CCA Program, and any other program approved by the Board, in accordance with the provisions of an Administrative Services Agreement. The appointed administrative services provider may be one of the Parties. The Administrative Services Agreement shall set forth the terms and conditions by which the appointed administrative services provider shall perform or cause to be performed all tasks necessary for planning, implementing, operating and administering the CCA Program and other approved programs. The Administrative Services Agreement shall set forth the term of the Agreement and the circumstances under which the Administrative Services Agreement may be terminated by the Authority. This section shall not in any way be construed to limit the discretion of the Authority to hire its own employees to administer the CCA Program or any other program.

4.16 Operational Audit. The Authority shall commission an independent agent to conduct and deliver at a public meeting of the Board an evaluation of the performance of the CCA Program relative to goals for renewable energy and carbon reductions. The Authority shall

approve a budget for such evaluation and shall hire a firm or individual that has no other direct or indirect business relationship with the Authority. The evaluation shall be conducted at least once every two years.

ARTICLE 5

IMPLEMENTATION ACTION AND AUTHORITY DOCUMENTS

5.1 Implementation of the CCA Program.

5.1.1 Enabling Ordinance. Prior to the execution of this Agreement, each Party shall adopt an ordinance in accordance with Public Utilities Code Section 366.2(c)(12) for the purpose of specifying that the Party intends to implement a CCA Program by and through its participation in the Authority.

5.1.2 Implementation Plan. The Authority shall cause to be prepared an Implementation Plan meeting the requirements of Public Utilities Code Section 366.2 and any applicable Public Utilities Commission regulations as soon after the Effective Date as reasonably practicable. The Implementation Plan shall not be filed with the Public Utilities Commission until it is approved by the Board in the manner provided by Section 4.12.

5.1.3 Termination of CCA Program. Nothing contained in this Article or this Agreement shall be construed to limit the discretion of the Authority to terminate the implementation or operation of the CCA Program at any time in accordance with any applicable requirements of state law.

5.2 Other Authority Documents. The Parties acknowledge and agree that the operations of the Authority will be implemented through various documents duly adopted by the Board through Board resolution or minute action, including but not necessarily limited to the Operating Rules and Regulations, the annual budget, and specified plans and policies defined as the Authority Documents by this Agreement. The Parties agree to abide by and comply with the terms and conditions of all such Authority Documents that may be adopted by the Board, subject to the Parties' right to withdraw from the Authority as described in Article 7.

5.3 Integrated Resource Plan. The Authority shall cause to be prepared an Integrated Resource Plan in accordance with CPUC regulations that will ensure the long-term development and administration of a variety of energy programs that promote local renewable resources, conservation, demand response, and energy efficiency, while maintaining compliance with the State Renewable Portfolio standard and customer rate competitiveness. The Authority shall prioritize the development of energy projects in Alameda and adjacent counties. Principal aspects of its planned operations shall be in a Business Plan as outlined in Section 5.4 of this Agreement.

5.4 Business Plan. The Authority shall cause to be prepared a Business Plan, which will include a roadmap for the development, procurement, and integration of local renewable energy resources as outlined in Section 5.3 of this Agreement. The Business Plan shall include a description of how the CCA Program will contribute to fostering local economic benefits, such as job creation and community energy programs. The Business Plan shall identify opportunities for local power development and how the CCA Program can achieve the goals outlined in Recitals 3 and 6 of this Agreement. The Business Plan shall include specific language detailing employment and labor standards that relate to the execution of the CCA Program as referenced in this Agreement. The Business Plan shall identify clear and transparent marketing practices to be followed by the CCA Program, including the identification of the sources of its electricity and explanation of the various types of electricity procured by the Authority. The Business Plan shall cover the first five (5) years of the operation of the CCA Program. Progress on the implementation of the Business Plan shall be subject to annual public review.

5.5 Labor Organization Neutrality. The Authority shall remain neutral in the event its employees, and the employees of its subcontractors, if any, wish to unionize.

5.6 Renewable Portfolio Standards. The Authority shall provide its customers renewable energy primarily from Category 1 eligible renewable resources, as defined under the California RPS and consistent with the goals of the CCA Program. The Authority shall not procure energy from Category 3 eligible renewable resources (unbundled Renewable Energy Credits or RECs) exceeding 50% of the State law requirements, to achieve its renewable portfolio goals. However, for Category 3 RECs associated with generation facilities located within its service jurisdiction, the limitation set forth in the preceding sentence shall not apply.

ARTICLE 6

FINANCIAL PROVISIONS

6.1 Fiscal Year. The Authority's fiscal year shall be 12 months commencing July 1 and ending June 30. The fiscal year may be changed by Board resolution.

6.2 Depository.

- 6.2.1** All funds of the Authority shall be held in separate accounts in the name of the Authority and not commingled with funds of any Party or any other person or entity.
- 6.2.2** All funds of the Authority shall be strictly and separately accounted for, and regular reports shall be rendered of all receipts and disbursements, at least quarterly during the fiscal year. The books and records of the Authority shall be open to inspection by the Parties at all reasonable times.
- 6.2.3** All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its Operating Rules and Regulations. The Treasurer shall draw checks or warrants or make payments by other means for claims or

disbursements not within an applicable budget only upon the prior approval of the Board.

6.3 Budget and Recovery Costs.

- 6.3.1 Budget.** The initial budget shall be approved by the Board. The Board may revise the budget from time to time through an Authority Document as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of the Authority shall be prepared and approved by the Board in accordance with the Operating Rules and Regulations.
- 6.3.2 Funding of Initial Costs.** The County shall fund the Initial Costs of establishing and implementing the CCA Program. In the event that the CCA Program becomes operational, these Initial Costs paid by the County and any specified interest shall be included in the customer charges for electric services to the extent permitted by law, and the County shall be reimbursed from the payment of such charges by customers of the Authority. The Authority may establish a reasonable time period over which such costs are recovered. In the event that the CCA Program does not become operational, the County shall not be entitled to any reimbursement of the Initial Costs.
- 6.3.4 Additional Contributions and Advances.** Pursuant to Government Code Section 6504, the Parties may in their sole discretion make financial contributions, loans or advances to the Authority for the purposes of the Authority set forth in this Agreement. The repayment of such contributions, loans or advances will be on the written terms agreed to by the Party making the contribution, loan or advance and the Authority.

ARTICLE 7 WITHDRAWAL AND TERMINATION

7.1 Withdrawal.

- 7.1.1 General Right to Withdraw.** A Party may withdraw its membership in the Authority, effective as of the beginning of the Authority's fiscal year, by giving no less than 180 days advance written notice of its election to do so, which notice shall be given to the Authority and each Party. Withdrawal of a Party shall require an affirmative vote of the Party's governing board.
- 7.1.2 Withdrawal Following Amendment.** Notwithstanding Section 7.1.1, a Party may withdraw its membership in the Authority following an amendment to this Agreement provided that the requirements of this Section 7.1.2 are strictly followed. A Party shall be deemed to have withdrawn its membership in the Authority effective 180 days after the Board approves an amendment to this Agreement if the Director

representing such Party has provided notice to the other Directors immediately preceding the Board's vote of the Party's intention to withdraw its membership in the Authority should the amendment be approved by the Board.

- 7.1.3 The Right to Withdraw Prior to Program Launch.** After receiving bids from power suppliers for the CCA Program, the Authority must provide to the Parties a report from the electrical utility consultant retained by the Authority comparing the Authority's total estimated electrical rates, the estimated greenhouse gas emissions rate and the amount of estimated renewable energy to be used with that of the incumbent utility. Within 30 days after receiving this report, through its City Manager or a person expressly authorized by the Party, any Party may immediately withdraw its membership in the Authority by providing written notice of withdrawal to the Authority if the report determines that any one of the following conditions exists: (1) the Authority is unable to provide total electrical rates, as part of its baseline offering to customers, that are equal to or lower than the incumbent utility, (2) the Authority is unable to provide electricity in a manner that has a lower greenhouse gas emissions rate than the incumbent utility, or (3) the Authority will use less qualified renewable energy than the incumbent utility. Any Party who withdraws from the Authority pursuant to this Section 7.1.3 shall not be entitled to any refund of the Initial Costs it has paid to the Authority prior to the date of withdrawal unless the Authority is later terminated pursuant to Section 7.3. In such event, any Initial Costs not expended by the Authority shall be returned to all Parties, including any Party that has withdrawn pursuant to this section, in proportion to the contribution that each made. Notwithstanding anything to the contrary in this Agreement, any Party who withdraws pursuant to this section shall not be responsible for any liabilities or obligations of the Authority after the date of withdrawal, including without limitation any liability arising from power purchase agreements entered into by the Authority.

7.2 Continuing Liability After Withdrawal; Further Assurances; Refund. A Party that withdraws its membership in the Authority under either Section 7.1.1 or 7.1.2 shall be responsible for paying its fair share of costs incurred by the Authority resulting from the Party's withdrawal, including costs from the resale of power contracts by the Authority to serve the Party's load and any similar costs directly attributable to the Party's withdrawal, such costs being limited to those contracts executed while the withdrawing Party was a member, and administrative costs associated thereto. The Parties agree that such costs shall not constitute a debt of the withdrawing Party, accruing interest, or having a maturity date. The Authority may withhold funds otherwise owing to the Party or may require the Party to deposit sufficient funds with the Authority, as reasonably determined by the Authority, to cover the Party's costs described above. Any amount of the Party's funds held by the Authority for the benefit of the Party that are not required to pay the Party's costs described above shall be returned to the Party. The withdrawing party and the Authority shall execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, as determined by the

Board, to effectuate the orderly withdrawal of such Party from membership in the Authority. A withdrawing party has the right to continue to participate in Board discussions and decisions affecting customers of the CCA Program that reside or do business within the jurisdiction of the Party until the withdrawal's effective date.

7.3 Mutual Termination. This Agreement may be terminated by mutual agreement of all the Parties; provided, however, the foregoing shall not be construed as limiting the rights of a Party to withdraw its membership in the Authority, and thus terminate this Agreement with respect to such withdrawing Party, as described in Section 7.1.

7.4 Disposition of Property upon Termination of Authority. Upon termination of this Agreement as to all Parties, any surplus money or assets in possession of the Authority for use under this Agreement, after payment of all liabilities, costs, expenses, and charges incurred under this Agreement and under any Authority Documents, shall be returned to the then-existing Parties in proportion to the contributions made by each.

ARTICLE 8

MISCELLANEOUS PROVISIONS

8.1 Dispute Resolution. The Parties and the Authority shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. Before exercising any remedy provided by law, a Party or the Parties and the Authority shall engage in nonbinding mediation in the manner agreed upon by the Party or Parties and the Authority. The Parties agree that each Party may specifically enforce this section 8.1. In the event that nonbinding mediation is not initiated or does not result in the settlement of a dispute within 120 days after the demand for mediation is made, any Party and the Authority may pursue any remedies provided by law.

8.2 Liability of Directors, Officers, and Employees. The Directors, officers, and employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No current or former Director, officer, or employee will be responsible for any act or omission by another Director, officer, or employee. The Authority shall defend, indemnify and hold harmless the individual current and former Directors, officers, and employees for any acts or omissions in the scope of their employment or duties in the manner provided by Government Code Section 995 *et seq.* Nothing in this section shall be construed to limit the defenses available under the law, to the Parties, the Authority, or its Directors, officers, or employees.

8.3 Indemnification of Parties. The Authority shall acquire such insurance coverage as the Board deems necessary to protect the interests of the Authority, the Parties and the public. Such insurance coverage shall name the Parties and their respective Board or Council members, officers, agents and employees as additional insureds. The Authority shall defend, indemnify and hold harmless the Parties and each of their respective Board or Council members, officers, agents and employees, from any and all claims, losses, damages, costs, injuries and liabilities of every kind arising directly or indirectly from the conduct, activities, operations, acts, and omissions of the Authority under this Agreement.

8.4 Amendment of this Agreement. This Agreement may be amended in writing by a two-thirds affirmative vote of the entire Board satisfying the requirements described in Section 4.12. Except that, any amendment to the voting provisions in Section 4.12 may only be made by a three-quarters affirmative vote of the entire Board. The Authority shall provide written notice to the Parties at least 30 days in advance of any proposed amendment being considered by the Board. If the proposed amendment is adopted by the Board, the Authority shall provide prompt written notice to all Parties of the effective date of such amendment along with a copy of the amendment.

8.5 Assignment. Except as otherwise expressly provided in this Agreement, the rights and duties of the Parties may not be assigned or delegated without the advance written consent of all of the other Parties, and any attempt to assign or delegate such rights or duties in contravention of this Section 8.5 shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Parties. This Section 8.5 does not prohibit a Party from entering into an independent agreement with another agency, person, or entity regarding the financing of that Party's contributions to the Authority, or the disposition of proceeds which that Party receives under this Agreement, so long as such independent agreement does not affect, or purport to affect, the rights and duties of the Authority or the Parties under this Agreement.

8.6 Severability. If one or more clauses, sentences, paragraphs or provisions of this Agreement shall be held to be unlawful, invalid or unenforceable, it is hereby agreed by the Parties, that the remainder of the Agreement shall not be affected thereby. Such clauses, sentences, paragraphs or provision shall be deemed reformed so as to be lawful, valid and enforced to the maximum extent possible.

8.7 Further Assurances. Each Party agrees to execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, to effectuate the purposes and intent of this Agreement.

8.8 Execution by Counterparts. This Agreement may be executed in any number of counterparts, and upon execution by all Parties, each executed counterpart shall have the same force and effect as an original instrument and as if all Parties had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

8.9 Parties to be Served Notice. Any notice authorized or required to be given pursuant to this Agreement shall be validly given if served in writing either personally, by deposit in the United States mail, first class postage prepaid with return receipt requested, or by a recognized courier service. Notices given (a) personally or by courier service shall be conclusively deemed received at the time of delivery and receipt and (b) by mail shall be conclusively deemed given 72 hours after the deposit thereof (excluding Saturdays, Sundays and holidays) if the sender receives the return receipt. All notices shall be addressed to the office of the clerk or secretary of the Authority or Party, as the case may be, or such other person designated in writing by the Authority or Party. In addition, a duplicate copy of all notices

provided pursuant to this section shall be provided to the Director and alternate Director for each Party. Notices given to one Party shall be copied to all other Parties. Notices given to the Authority shall be copied to all Parties. All notices required hereunder shall be delivered to:

The County of Alameda

Director, Community Development Agency
224 West Winton Ave.
Hayward, CA 94612

With a copy to:

Office of the County Counsel
1221 Oak Street, Suite 450
Oakland, CA 94612

if to [PARTY No. ____]

Office of the City Clerk

Office of the City Manager/Administrator

Office of the City Attorney

if to [PARTY No. ____]

Office of the City Clerk

Office of the City Manager/Administrator

Office of the City Attorney

ARTICLE 9
SIGNATURE

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Ava Community Energy Authority.

By: _____

Name: _____

Title: _____

Date: _____

Party: _____

EXHIBIT A
LIST OF THE PARTIES

This Exhibit A is effective as of July 17, 2024.

County of Alameda
County of San Joaquin
City of Albany
City of Berkeley
City of Dublin
City of Emeryville
City of Fremont
City of Hayward
City of Lathrop
City of Livermore
City of Newark
City of Oakland
City of Piedmont
City of Pleasanton
City of San Leandro
City of Stockton
City of Tracy
City of Union City

EXHIBIT B
ANNUAL ENERGY USE

This Exhibit B is effective as of July 17, 2024

Party	kWh (2023*)
Albany	49,658,026
Berkeley	413,008,108
Dublin	252,876,615
Emeryville	182,316,485
Fremont	1,170,341,147
Hayward	708,882,734
Lathrop	200,965,565
Livermore	411,980,233
Newark	233,143,296
Oakland	1,768,534,324
Piedmont	29,015,530
Pleasanton	389,268,211
San Leandro	407,878,675
Stockton	1,199,280,141
Tracy	415,177,547
Union City	263,556,407
Unincorporated Alameda County	429,832,267
Unincorporated San Joaquin County	987,486,751
<hr/>	
Total	9,513,202,062

*All data provided by PG&E

EXHIBIT C
VOTING SHARES

This Exhibit C is effective as of July 17, 2024

Party	kWh (2023*)	Voting Shares Section 4.12.2
Albany	49,658,026	0.5%
Berkeley	413,008,108	4.3%
Dublin	252,876,615	2.7%
Emeryville	182,316,485	1.9%
Fremont	1,170,341,147	12.3%
Hayward	708,882,734	7.5%
Lathrop	200,965,565	2.1%
Livermore	411,980,233	4.3%
Newark	233,143,296	2.5%
Oakland	1,768,534,324	18.6%
Piedmont	29,015,530	0.3%
Pleasanton	389,268,211	4.1%
San Leandro	407,878,675	4.3%
Stockton	1,199,280,141	12.6%
Tracy	415,177,547	4.4%
Union City	263,556,407	2.8%
Unincorporated Alameda County	429,832,267	4.5%
Unincorporated San Joaquin County	987,486,751	10.4%
<hr/>		
Total	9,513,202,062	100.0%

*All data provided by PG&E



Staff Report Item 5

To:	Ava Community Energy Authority
From:	JP Ross, Vice President Local Development
Subject:	SmartHome Battery Program Authorization
Date:	November 5, 2025

Summary/Recommendation

Adopt a Resolution authorizing the use of the previous budget allocation to a new solar photovoltaic (PV) and battery system incentive program, called SmartHome Battery, with 50% of the incentives for single family homeowners and 50% to low-income customers and resilience hubs, planned to launch in Q1 2026. Authorize staff to adjust program design based on program uptake and customer feedback with the approval of the Chief Executive Officer.

Financial Impact

Fiscal impacts will result from three separate sources: upfront and ongoing incentive payments for program participants, administration and virtual power plant (VPP) costs, and Ava lost revenues from the solar PV and battery systems.

The upfront incentive payments, ongoing incentive payments, and program administration costs will be funded by \$14.96M previously allocated to the Local Development Fund and \$500k allocated for SmartHome Battery performance payments in the FY 2024-2025 Local Development budget, totaling \$15.46M.

Operational costs for the VPP)— which include fees for the distributed energy resource management system (DERMS), storage dispatch fees, and inverter and battery connection API fees – will be funded by the previously approved \$2M contract with Lunar which can be extended for up to five years. VPP expenses are highly dependent on enrollment and participation rates and are currently forecast to be less than the

approved amount over the current contract term, which is through March 2027. Staff will report on the value and costs of the program as well as the performance of the DERMS provider to evaluate additional resources required to administer this program at the end of the first year of operation of SmartHome Battery.

In addition to direct project costs, Ava is also financially impacted by this program because all new behind-the-meter solar PV and battery system installations reduce electricity revenue to Ava. Similar to Ava's traditional approach to Net Energy Metering (NEM) 2.0 reduced revenues, the lost revenue of SmartHome Battery is not funded through a Local Development budget expense. The estimated lost revenue from SmartHome Battery participants is \$2.5M over 10 years.

SmartHome Battery serves both residential customers and resilience hubs, and these two customer segments will be addressed sequentially in each section of the following report.

Budget Authorization

On November 20, 2024, Ava's Board of Directors received a report on the actual FY 2023-2024 surplus of \$14,963,130 to support solar PV and battery system installations. This funding will help both residential customers (market rate and CARE/FERA customers) and community-benefiting resilience hubs, which are facilities designed to provide backup power during outages.

This decision followed an earlier resolution, Resolution R-2024-2, in January 2024 that defined how Ava's budget surplus from FY 2023-2024 would be split with:

- 60% of any surplus going back to customers as on-bill credits, with some portion specifically applied to CARE and FERA customers. Bill credits were issued in January 2025.
- 40% going toward solar PV and battery system incentives, with an emphasis on projects that support community resilience.

Part 1: Context

In April 2023, the California Public Utilities Commission (CPUC) voted to phase out the NEM 2.0 program. Under NEM 2.0, customers with solar PV systems received full retail credit on their bill for every unit of electricity exported to the grid. Beginning in 2023, new solar PV systems are instead enrolled in the Solar Billing Plan (SBP), which provides lower credits for excess electricity sent back to the grid. The Ava Board of Directors adopted [the Solar Billing Plan \(SBP\) Tariff Policy](#) in April 2024.

Under SBP, new solar PV-only installations are less financially beneficial to participating customers than they were under NEM 2.0 because electricity from the solar systems exported to the grid is now credited at "avoided cost" value, which averages 4¢/kWh

during solar PV production hours versus the retail rate compensation approach used by NEM 2.0, valued at 26-65 ¢/kWh. Ava offers export bonus credits to help offset some of this loss for its SBP customers.

Ava is now proposing a new solar PV and battery system incentive for customers who install both solar PV and battery systems. The program will be called SmartHome Battery, and the incentives will cover a portion of the lost export value from NEM 2.0 to SBP and help offset the costs associated with installing a battery.

Initial Draft Program Design

In April 2024, Ava staff presented an initial draft program design for SmartHome Battery to the Ava's Board of Directors, which included the following information:

- Budget: \$14.96M: 50% of budget (~\$7.5M) for upfront incentives for CARE/FERA residential customers and resilience hubs to install solar PV and battery systems.
 - 50% of budget (~\$7.5M) for upfront incentives for market rate residential customers to install solar PV and battery systems.
- Upfront Incentives to be paid when the solar PV and battery system is approved to operate:
 - \$10,000 per battery for CARE/FERA customers.
 - \$400/kWh of battery capacity for resilience hubs.
 - \$1,250 per battery for market rate residential customers.
- Ongoing Performance Payments: All customers receive \$2 per kWh of battery capacity per month for VPP participation.
- Program Term: Customers would have five years to enroll, and performance payments for VPP participation would last for five years.
- Eligibility:
 - Must be an Ava customer and own the home where the solar PV and battery system is installed.
 - To receive the upfront incentive, customers must install a battery, either with a new solar PV system or retrofitting with an existing solar PV system. Customers who already have both solar PV and battery system installed are eligible for the ongoing incentive only.
 - Must connect the battery to Ava's DERMS and participate in grid optimization events.

Program Design Development and Feedback

Residential Customers

Since Ava presented the initial draft program design, Ava staff have continued to perform program impact modeling and conducted multiple market focus groups with

professionals in the solar PV and battery industry to refine the proposed program design.

Some of the discoveries from this process by key topic include:

- Incentive sizing:
 - Ava should base incentives on battery size to align with standard practices used by other similar programs across the country,
 - Ava should ensure that the ongoing payments are sufficient to keep customers enrolled in the program.
- Customer choice: Ava should allow customers to choose the battery capacity that participates in the VPP and pro-rate the incentive accordingly.
- Third-party ownership of batteries: Currently, about 70% of residential customers in Ava's territory that install solar PV and battery systems finance them through a third-party owner, or "aggregator."¹ Ava should ensure customers who finance their solar PV and battery systems through third-party owners can still participate, through their aggregator.

Resilience Hub Customers

Ava's support for resilience hubs is broader than SmartHome Battery, and components of the broader Resilience Hub Initiative were leveraged to support program design for SmartHome Battery. Emerald Cities Collaborative (ECC) is funded through a \$300,000 Ava community grant to partner with Local Clean Energy Alliance (LCEA) and Collective Resilience to engage communities to support Ava's efforts to define and create eligibility criteria for resilience hubs and foster awareness of Ava's Resilience Hub offerings.

Grantees provided case study research on resilience hubs, conducted two resilience hub definition workshops to gather feedback on Ava's proposed resilience hub definition, developed a standardized intake form for potential hub sites to engage with technical assistance, and plan to conduct at least two community outreach workshops to educate Community-Based Organizations (CBOs) on resilience hubs and promote Ava's technical assistance and the SmartHome Battery Program. Efforts by the community grantees were used by Ava to inform the development of SmartHome Battery's approach to resilience hubs.

Resilience Hub Research

Given that resilience hubs are relatively new concepts, and approaches to how they provide community resilience varies widely, Ava performed research to characterize the current state of resilience hubs.

To better understand the types of facilities that may serve as resilience hubs supported by solar PV and battery systems, staff evaluated five data sources to understand

¹ Not all third-party owners operate as aggregators. For the purposes of this program, any reference to third-party owners is assumed to be an aggregator.

resilience hub services, solar PV and battery system requirements and associated costs.

These five data sources included:

- Ava sample sites – Ava’s independent engineer, NV5, modeled a set of potential resilience hub sites under different resilience scenarios for costs and payback periods in our service area.
- Non-profit developer sites with installed solar PV and battery system projects at community-serving facilities in California.
- Ava’s technical assistance pilot sites – sites in our service area piloting the technical assistance process supported by ECC.
- Collective Resilience, as a part of the ECC grant team, completed a case study of resilience hubs including examples of operating sites and potential resilience hubs in Ava’s service territory.
- Critical Municipal Facilities (CMF) and other CCA sites - Ava’s CMF sites and similar CCA resilience projects in California.

Across all sources, there are few fully operational resilience hubs, but we see a growing list of community-serving facilities interested in becoming resilience hubs. These facilities include churches, nonprofit centers, schools, gyms, and community centers, which are the types of sites already involved in their communities and providing routine public services.

Across these potential sites they span the gamut between:

- Smaller sites:
 - Limited space for solar PV and battery infrastructure. These sites use standard available solar PV and battery systems to maintain existing services during outages and may be capable of adding additional resilience services during emergencies.
- Larger sites:
 - May consist of multiple facilities across a property or campus that require more customized solar PV and battery systems that could provide multiple public resilience services over a multi-day outage.

Cost: Given that sites serving different functions will need to plan for resilience differently, we observe that estimated costs to install solar PV and battery systems can range widely with small projects costing \$100,000 to large sites where costs can be \$700,000 or more.

Financial Capacity: Resilience hub host organizations' financial capacity is also diverse, and we have observed loans and incentives as two tools that current sites use to support carrying out their solar PV and battery system projects.

Timeline: Given the range of project cost and size as well as supporting financial resources, resilience hubs can take months to multiple years to build their solar PV and battery system projects.

Based on these findings, Ava staff have sought to support the widest range of resilience hubs possible by designing definitions, requirements, and an incentive level that would allow for wide participation. This is a challenge given the wide variety of site- and entity-specific characteristics of potential resilience hubs across our service area.

We have sought to balance the need for high levels of resilience - for example, in the case of a major earthquake that disrupts the provision of public services for multiple days - with the realities of cost and feasibility. Our minimum backup requirement standards are designed to be achievable for smaller sites, while allowing larger projects to pursue higher levels and longer durations of energy resilience.

Resilience Hub Definition

Ava developed a proposed definition for participating in Ava's Resilience Hub initiative as a basis for informing desired outcomes from technical assistance and SmartHome Battery incentives.

The proposed definition was reviewed in focus groups conducted by ECC through an Ava community investment grant. There was community input to significantly broaden the definition beyond Ava's proposal. Ava staff reviewed the proposed language and determined that retaining the proposed specificity related to the provision of clean backup power for resilience services is important to manage clear expectations on the purposes and services provided in the program.

Ava's proposed definition for participating in the Resilience Hub initiative is below:

Resilience hubs are physical, community-serving facilities that provide essential services, distribute critical resources during emergencies, and integrate clean energy solutions to maintain operation during power outages. They also serve as year-round community spaces where local residents regularly gather and access everyday services.

Although Ava's definition is focused on the provision of clean backup power for resilience services, Ava's definition does not constrain sites or organizations from operating resilience hubs in accordance with community input, which is a key

component to ensure resilience hubs are providing relevant services to communities in appropriate manners.

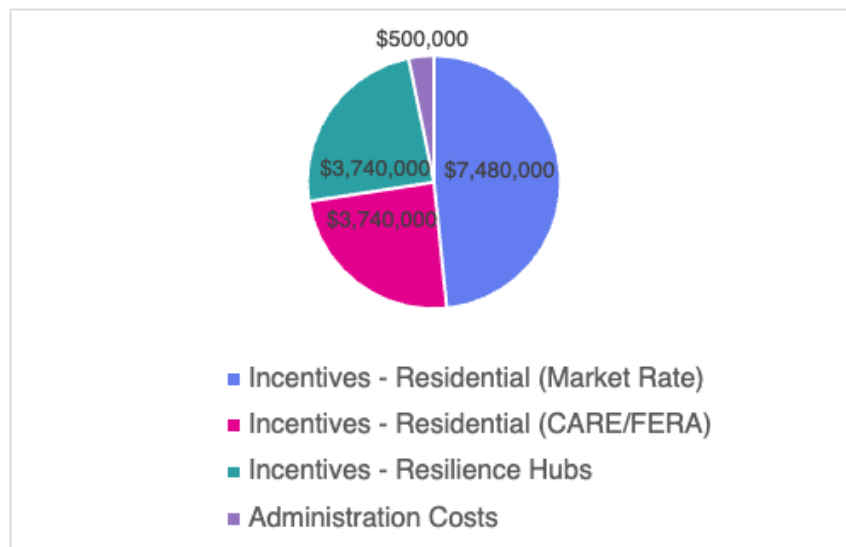
Part 2: Updated Program Proposal

Following the program design feedback and further research, staff is recommending several changes to the program design. These changes are described in each of the following sections. Some features, like the eligibility requirements for residential customers, remain unchanged.

Program Budget:

Ava staff proposes a total program budget of \$15.46M. This amount comes from two sources: \$14.96M from the previously approved 4 budget allocated to the Local Development Fund and \$500,000 that was previously approved for SmartHome Battery in the FY 2024-2025 Local Development budget. The program budget will be allocated to incentives and administration costs as shown in Figure 1 below, with 50% of the allocated budget being devoted to market rate residential incentives, 25% allocated for CARE/FERA residential incentives, and 25% allocated for resilience hubs incentives.

Figure 1: SmartHome Battery Budget Allocation



Program Incentive Structure:

Residential Customers

SmartHome Battery will offer customers two types of financial incentives:

1. upfront payments to reduce the initial cost of installing batteries, and

2. ongoing payments to encourage customers to keep their batteries enrolled and responding to grid reliability events.

Staff proposes to update the upfront incentive from the originally proposed \$1,250/battery for market rate residential customers and \$10,000/battery for CARE/FERA customers to \$90/kWh nominated capacity and \$500/kWh nominated capacity, respectively, and increase the proposed monthly ongoing incentives from \$2/kWh to \$3/kWh nominated capacity to encourage customer participation in Ava's VPP. Nominated capacity means that the customer will select, or nominate, a portion of their battery to participate in the program with a maximum nomination of 80%. The CARE/FERA upfront incentive has been set assuming the customer can stack it with California's Self-Generation Incentive Program (SGIP) Residential Solar and Storage Equity (RSSE) incentives, which provide up to \$1,100/kWh. If CARE/FERA customers are unable to stack incentives with SGIP, then the upfront incentive will increase to \$950/kWh nominated capacity for CARE/FERA customers.²

The total incentive value to the customer will now be higher for customers who install larger batteries compared to the proposed approach. For example, if a customer installs a 13.5 kWh battery with an 80% nomination, they will now receive \$2,916 in incentives over five years compared to \$2,870 under the previous proposal. These changes are meant to scale with both the size of the battery and level of participation, while also increasing the incentive for participants to remain in Ava's VPP for the term of the program.

For residential participants, both the upfront and ongoing incentives will be based on the size of the battery that a customer chooses to make available to Ava, or nominate, for participation in Ava's VPP. Customers will be able to nominate 40%, 60%, or 80% of their battery's total capacity for the VPP. Any portion not nominated can be reserved by the customer for personal backup power or other purposes. Customers can choose whether to receive the upfront incentive directly as a rebate or have it applied through their installer to lower the initial installation cost. Selecting the second option requires that the installer has participated in Ava's program training and been added to the program's approved installer list. Ongoing incentive payments will be made on a quarterly basis directly to the customer.

Customers who already have a solar PV and battery system installed can also participate; however, they will only qualify for the ongoing payments and not the upfront incentive. Participation for customers with existing systems will be limited to 50% of all enrollments to ensure customers who install new battery systems can access the

² Ava is awaiting a final vote on this item from the CPUC, which has been delayed twice.

incentive. Customers that complete an installation with a permit approval after January 1, 2026, will be eligible for the upfront incentive. Customers that install solar PV systems after January 1st will no longer be eligible for the Federal Investment Tax Credit (ITC), so Ava's incentive will help make up the lost ITC value.

Table 1: Proposed SmartHome Battery Incentive Levels for Residential Customers Assuming 80% of 10 kWh Battery is Nominated

<u>Participant Type</u>	<u>Upfront Incentive</u>	<u>Monthly Ongoing Incentive³</u>	<u>Total Incentive</u>
Residential – CARE/FERA (25% of allocated budget)	\$500/kWh nominated ⁴	\$3/kWh nominated	\$4,000 upfront + \$72/quarter
Residential – Market Rate (50% of allocated budget)	\$90/kWh nominated	\$3/kWh nominated	\$720 upfront + \$72/quarter

Resilience Hub Customers

For resilience hub participants, the proposed incentive includes an upfront incentive of \$1,220/kWh based on nameplate battery storage system size plus \$3/kWh based on nominated capacity for monthly ongoing participation in the VPP. This proposal is based on financial analysis of currently operating resilience hubs and potential sites, as well as current external funding sources.

As an example, under this proposal, a resilience hub with 100 kWh of battery storage (nameplate capacity) would receive the following incentives:

- The upfront incentive would be $100 \text{ kWh} * \$1,220/\text{kWh} = \$122,000$.
- If 80% of that battery was nominated to participate in the VPP, then the monthly ongoing incentive would be $100 \text{ kWh} * 80\% * \$3/\text{kWh} = \$240$.
- The total incentive value across five years of VPP participation would equal $\$122,000 + ((5 * 12) * \$240) = \$136,400$.

³ The incentives listed here are only for customers who participate in this program directly. The ongoing incentive for customers participating through an aggregator is \$6 / kW / month paid to the aggregator as the battery owner and based on battery performance during grid services events, as monitored by Ava's Distributed Energy Resources Management System (DERMS). This alternate incentive structure is set to ensure aggregators meet their VPP performance obligations in their contract. For example, if an aggregator battery delivers 5 kW across a two-hour event, the aggregator would be paid \$30 for that month (equal to what a non-aggregator participant would be paid for nominating 10 kWh).

⁴ Provided the customer can stack our incentive with California's Self-Generation Incentive Program (SGIP) incentive. If a CARE/FERA customer are unable to stack incentives with SGIP the upfront incentive will increase to \$950/kWh nominated.

Staff completed a thorough financial analysis of thirteen sample resilience hub sites, including actual installation and operations costs from Ava's Critical Municipal Facilities (CMF) program to inform this incentive level. We evaluated a variety of backup power requirements and incentive levels to estimate the financial impact of Ava's incentives for potential resilience hubs. At the proposed incentive levels, we estimate SmartHome Battery incentives would result in simple paybacks between 3 and 15 years for the examined sites. The cost coverage and payback time varies widely based on the size and complexity of the system as well as site characteristics. For resilience hubs, the value of resilience for the communities served is the primary driver of customer value—not bill savings. However, resilience hubs are not typically able to use the value of resilience as a contribution toward paying down the cost of a solar PV and battery system. As a result, although sites are not driven by financial payback, they may be constrained by it, and Ava's incentive would support sites to achieve a reasonable payback period.

No tiering of incentive levels has been proposed as resilience hubs are needed at all scales, as well as to support operational simplicity and customer clarity.

To ensure distribution of incentive dollars across multiple sites, staff recommend setting an upfront incentive maximum at 500 kWh or \$610,000. The maximum is based on the larger projects identified in our market research. With this cap, a minimum of six sites could be funded through SmartHome Battery if all sites reached the maximum incentive level. However, based on current market conditions, staff expect a larger number of resilience hub projects of smaller sizes to be funded. The incentive cap will not be applied to ongoing payments.

Resilience hub projects are complex and require a high level of planning and coordination, often resulting in extended development timelines. To support this, Ava will develop a waitlist process that allows prospective sites to reserve access to incentives for a defined period while their projects are developed.

As part of program implementation, Ava may also evaluate prioritization criteria – for example, considering factors such as geographic distribution or ownership model – to guide incentive allocation and waitlist management. These considerations will be assessed as the program evolves.

Incentive Payment and VPP Requirements: ***Residential Customers***

For upfront payments, customers can choose if they would prefer to receive the upfront incentive directly or have it transferred to their installer. Ava will pay the upfront incentive once the solar PV and battery system is permitted, operational, and connected to Ava's DERMS.

For ongoing payments, customers who own their battery will receive the ongoing incentive directly every quarter, as long as their battery remains connected to Ava's DERMS and responds to grid service events with the nominated capacity. Third-party aggregators who enroll batteries on behalf of customers will receive the ongoing incentive every month after Ava has assessed performance in grid service events.

Participating customers must be Ava customers. For residential customers to qualify for upfront or ongoing incentives, Ava's DERMS must be able to communicate with the battery for VPP participation. To ensure compatibility with our DERMS, enrollees will be required to select a battery system from Ava's approved vendor list.

Participation in the VPP would require residential customers to participate in one of the following protocols:

- Intermittent: a specified number of battery dispatch events per year over the course of the 5-year program participation term
 - SBP or NEM 2.0 customers who nominate at least 4kWh of their battery must allow Ava to dispatch their battery for up to 40 events⁵ each year and allow Ava to aggregate individual batteries to participate in other programs - such as Demand Side Generation Support (DSGS), a state-funded incentive program for load reduction and backup generation to support the state's electrical grid during extreme events - or market-based opportunities. Outside of event windows and during grid outages, customers may use the nominated capacity of their batteries for their own purposes.
- Daily: a daily battery dispatch schedule over the course of the 5-year program participation term
 - NEM 2.0 customers who nominate less than 4 kWh of their battery capacity will be placed on a daily dispatch schedule where their battery is dispatched by Ava daily during peak hours to help reduce peak energy demand on the electrical grid.

Residential customers will be excused from VPP participation when they are subject to a grid outage, PSPS event, or National Weather Service extreme weather alert.

⁵ This maximum may be higher depending on the equipment installed.

Resilience Hub Customers

Though payment approaches for resilience hubs are still being defined, staff expect to mirror the approach to payment for residential customers unless customer-specific requirements are identified that would better support incentive payment.

To qualify for upfront incentives, resilience hubs need to meet the proposed general requirements, provide at least one resilience service, and meet a minimum backup power requirement. Eligibility requirements are as follows:

- Ava nonresidential customer
- Property owner signoff (or landlord support for infrastructure changes)
- Community-serving or public-benefit facility
- Physical space to accommodate solar PV + battery system
- Open to the public during emergencies
- Participate in Ava's VPP
- Provide battery backup for at least 8 hours/day over 3 days
- Operational plan documenting resilience services and operations (plan must include resilience services provided, hours of operation, staffing and financial plan, power management strategy, communications plan, coordination with other hubs / agencies)

Resilience services, of which hubs would be required to provide at least one, are defined as the following:

- Lighted shelter
- Clean air or climate-controlled space
- Refrigeration
- Device charging
- Electric vehicle charging
- WIFI
- Fresh water access
- Food distribution
- Other essential service, to be approved by Ava

Minimum backup power requirements for resilience hubs are proposed as three days of operation at eight hours per day during business hours, as selected by the site. The rationale for this requirement is that it ensures that communities receive resilience services over a longer duration, as voiced during community feedback, while reducing the cost required to arrive at extended resilience service provision (i.e. bigger, more expensive batteries that provide longer duration power). Small sites can still meet this minimum backup requirement depending on the loads that they plan to support and the size of the solar PV system. In many cases, solar PV systems can generate more kWh

per day than the battery can hold, so the solar PV and battery system working together can regenerate energy during the daytime for multi-day operations.

Resilience hubs would be permitted to exceed this minimum if the community determines additional services or resilience are required.

To qualify for ongoing incentives, Resilience Hub customers will be required to participate in Ava's VPP. Customers will be required to nominate a share of their battery (40%, 60%, or 80%) to participate in Ava's VPP, as described in the Residential Customer section above. Resilience hubs will be excused from VPP participation when they are subject to a grid outage, PSPS event, or National Weather Service extreme weather alert, which is the same as for residential customers.

To ensure compatibility with our DERMS, sites will be required to select a battery system from Ava's approved vendor list. These systems are already integrated with Ava's platform and can reliably communicate with the DERMS for VPP participation. If a site chooses equipment not on the approved list, Ava may grant an exception for the upfront incentive, but the system would not be eligible for ongoing VPP payments since it cannot be integrated into the system.

Ava retains the right to prioritize resilience hubs funded via SmartHome Battery based on factors such as but not limited to: geographic distribution, proximity and service to disadvantaged communities, proximity to existing resilience hubs, ownership structure, and resilience services provided. The intent of prioritization would be to ensure that SmartHome Battery funding is expended to maximize public benefit. Ava will review this prioritization with the Board after the first \$1M in projects has been approved for the Resilience Hub waitlist. This will allow the community to review the types of projects that are being developed and institute additional prioritization criteria if warranted without applying unnecessary restrictions in the early stages of the program.

In alignment with ensuring public benefit from these funds, Ava would also reserve the right to claw back upfront incentives from resilience hub sites that fail to provide resilience services in per operational plan submitted to Ava (as noted in the list of eligibility requirements).

Ava will also align its resilience hub technical assistance with the requirements proposed for the incentive. Receipt of technical assistance from Ava is not required to receive SmartHome Battery incentives.

Part 3: Customer and Ava Impacts

Customer Value Overview

Residential Customers

The transition from NEM 2.0 to SBP represented a significant loss in bill savings potential for solar PV customers. As illustrated in Figure 2 below, part of this loss can be made up by pairing the solar PV with a battery system. This analysis illustrates a bill savings estimate over twenty years under three different scenarios using the same customer load profile and solar PV and battery system sizes using Energy Tool Base, a commonly used solar PV / solar PV and battery system bill savings calculator.

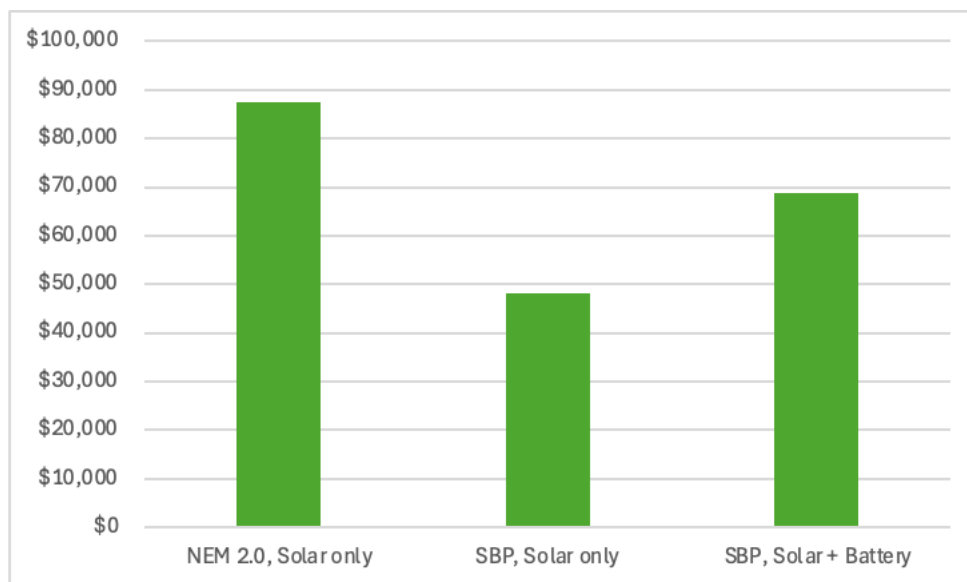


Figure 2: Decrease in customer value transitioning from NEM 2.0 to SBP, 20-year bill savings

The cost of a battery is a substantial investment - typically costing between \$10,000 to \$20,000. Batteries allow customers to recover some of the lost savings from NEM 2.0, but the higher upfront cost means it takes longer for the system to pay for itself. Ava's program provides both upfront and ongoing incentives to help customers defray the cost of a battery.

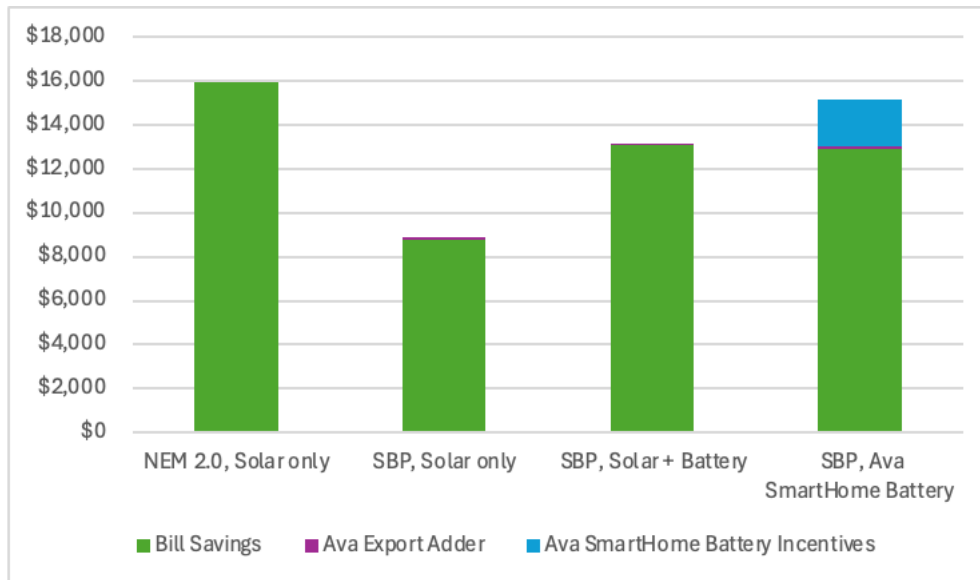


Figure 3: 5-year customer savings comparison between NEM2.0 and SBP scenarios including PG&E charges.

The SBP export credit and the SmartHome Battery incentive will help cover the additional costs of adding batteries to a home solar PV and battery system and recover the ~\$1,400 per year in lost customer value resulting from the transition from NEM 2.0 to SBP over the first five years. As demonstrated in Table 3 below, the SmartHome Battery incentive for a CARE/FERA customer paired with the SGIP incentive nearly covers the full cost of a \$10,000-\$20,000 battery system.

Table 3: SmartHome Battery Residential Customer Value Assuming 80% of 10 kWh Battery is Nominated for VPP Participation

	Residential – Market Rate	Residential – CARE/FERA
Ava SmartHome Battery Incentives (upfront and ongoing)	\$2,160	\$5,440
California SGIP Incentives	\$0	\$11,000 ⁶
Bill Savings during 5-year program term	\$12,917	\$12,917

Resilience Hub Customers

⁶ Assuming that CARE/FERA customers can stack SGIP incentives.

For resilience hubs, the value of resilience for the communities served is the primary driver of customer value. SmartHome Battery also provides value to resilience hubs as a stackable source of funding for solar PV and battery system project development.

With the expiration of non-residential SGIP funding, Ava's incentive can help fill this gap and support customers as one component of the funding stack for resilience hub projects.

Ava Revenue Impacts and VPP Value ***Residential Customers***

SmaHome Battery impact modeling indicates that customers with batteries buy less electricity during expensive peak hours, which reduces Ava's revenues compared to solar PV-only customers. Table 4 shows the expected per customer impacts to Ava from residential customers installing solar PV and battery systems and optimizing for bill savings compared to a customer installing a solar PV and battery system and participating in SmartHome Battery, and also demonstrates that participation in SmartHome Battery reduces these impacts.

Table 4: Annual Revenue Impacts from Residential Customers Participating in SmartHome Battery (\$/yr/customer)⁷

	Solar + Battery	SmartHome Battery
Ava Reduced Revenue	(\$313)	(\$294)
Ava Export Bonus Credit	(\$20)	(\$20)
Reduced Wholesale Energy Cost	\$69	\$75
Reduced REC Cost	\$33	\$33
2026 DSGS Incentive	\$0	\$263
Total	(\$231)	\$57

Ava can use VPP-participating batteries to reduce some of its procurement costs and potentially earn revenue from the battery dispatch through other programs, such as the DSGS. Note that DSGS revenues are not guaranteed and may not fully offset the revenue losses incurred by the program.

Resilience Hub Customers

Ava's revenue will also be impacted by resilience hubs who use their batteries to offset their electricity costs. These impacts have not yet been modeled, but given the low

⁷ Revenue impacts are compared to a solar-only customer on SBP

number of expected participants, these impacts could be significantly smaller. Similarly, VPP value from resilience hubs has not yet been evaluated.

Program Budget and Scale

The following table shows the budget allocations for each participant type along with the estimated number of participants.⁸

Table 4: SmartHome Battery Budget Segmentation and Scale

	<u>Upfront Incentives</u>	<u>Ongoing Incentives</u>	<u>Capacity</u>	<u>Estimated Number of Participants</u>
Residential – CARE/FERA	\$1.05M	\$2.7M	3 MW	830
Residential – Market Rate	\$1.5M	\$6M	17 MW	3,080
Resilience Hubs	\$3.5M	\$0.25M	1 MW	6-25
Total		\$15M	21 MW	3,916

As demonstrated in Table 5 below, SmartHome Battery may be able to recover some revenue losses resulting from customer adoption of distributed energy resources (DERs) through VPP activities over the program period. Staff intends to manage this program to maximize revenue recovery initially through participation in DSGS. Staff will evaluate VPP revenues and evaluate if program expansion is warranted.

Table 5: SmartHome Battery Budget, Reduced Revenue and VPP Value Estimates

Incentives	Reduced Revenue	Potential VPP Value⁹
\$15M	\$2.5M	\$2.9M

Table 5: SmartHome Battery Total Program Costs Over Program term

Part 4: Program Implementation

Ava contracted with a DERMS provider, Lunar Energy, to manage distributed energy resources on Ava’s behalf in 2024. A DERMS is required to support this program as it allows Ava to remotely confirm the presence of a battery, monitor battery performance, ensure batteries are operating optimally, and dispatch assets to optimize the battery for customer, grid and Ava benefits.

⁸ Final participant numbers will depend on battery storage system sizes and nominated amounts to be selected by participating customers.

⁹ VPP value is speculative and includes avoided energy costs, avoided REC cost, and revenue from participation in other programs.

Residential Customers

Lunar Energy also provides administrative support to enable online program enrollment, manage and verify approved equipment, calculate and pay upfront and ongoing payments to customers, and provide customer support for enrollment and device connectivity.

Ava will be hosting at least one installer training session for this program prior to program launch, and additional training sessions after launch. Training sessions will instruct installers on how to educate customers on Ava and Ava's SmartHome Battery program, as well as how to ensure that the battery is connected to Ava's DERMS.

Resilience Hub Customers

Lunar Energy will provide the same support to Resilience Hub customers as residential customers. Ava may engage in additional support if other processes, such as a waitlist, would support potential participation in the program.

Program Launch timeline:

Ava is planning to open the program to residential customers in early 2026 for new installation participants who own their own battery and residential customers who own existing battery systems. Customers whose batteries are owned by aggregators will be able to participate as soon as Q2 2026, depending on the aggregator's execution of a participation agreement with Ava.

Staff is still developing the Resilience Hub final administrative approach for the SmartHome Battery program, targeting launch later in 2026.

Related Board items:

[January 2024: Fiscal Year Budget Surplus Allocation](#)

[April 2024: Solar and Storage Program Informational Item](#)

[May 2024: Approval of Lunar Contract](#)

[September 2024: Approval of ICF Contract for Program Manual and Installer Training](#)

Attachments

A. Presentation



SmartHome Battery Program Proposal



Table of Contents

1. SmartHome Battery Program Context
 - a. Background on Solar & Storage Program Funding
 - b. Solar & Storage as a Part of Ava's VPP
 - c. Program Goals
 - d. Initial Program Design
 - e. Program Design Development Findings
2. SmartHome Battery Program Proposal
 - a. Updated Proposal
 - b. Implementation

SmartHome Battery Program Context



Background on SmartHome Battery Program

FY23/24: Ava's Board of Directors dedicated 40% of the year's unallocated excess revenues to a solar and storage program (Resolution No R-2023-2).

- Final allocation to the program was \$14.96 M.

April 2024: high-level program design presented to the Board.

- 50/50 budget for upfront incentives split between market rate residential and CARE/FERA residential + Resilience Hubs customers.
- Ongoing incentive for all participants, contingent on VPP participation.

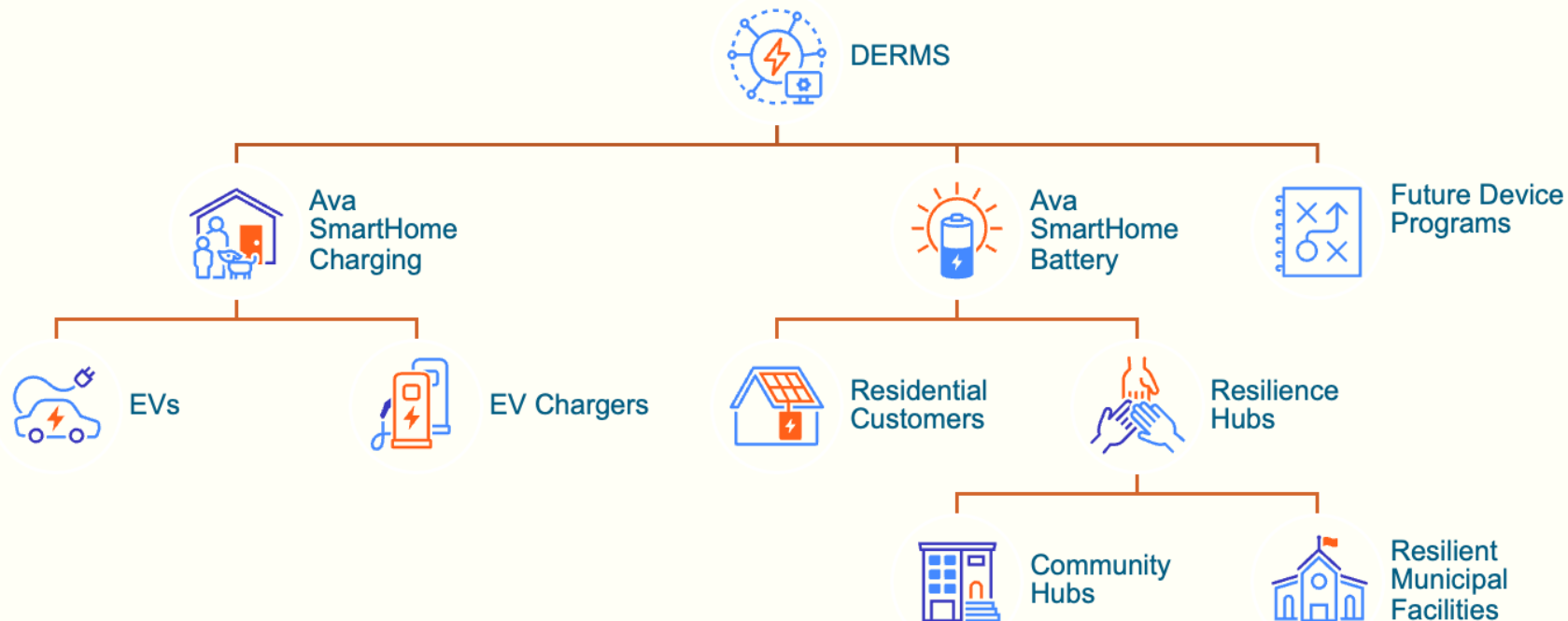
May 2024: Ava's Board of Directors approved Lunar Energy as the provider for Ava's Distributed Energy Resources Management System (DERMS) – allowing Ava include batteries in the VPP – and as the SmartHome Battery administrator (Resolution No R-2024-41).

Since then, Ava staff have been working to develop the SmartHome Battery Program.

Solar and Storage as a Part of Ava's VPP

Ava's DERMS allows us to leverage distributed energy resources (DERs) to reduce our carbon footprint and support customer savings from DERs by aggregating these technologies and optimizing them to operate in concert. This is known as a "virtual power plant" (VPP).

The solar and storage enrolled into SmartHome Battery will be a part of Ava's Virtual Power Plant (VPP).



Program Goals, Audience and Learning

Program Goal

- Support community resilience by growing a dependable battery component to our community Virtual Power Plant (VPP) at scale.

Program Audiences

- Residential Customers
 - CARE/FERA
 - General Market
- Resilience Hubs

Program Learning

- Enhance our understanding of how to reliably manage and grow battery aggregations



Program Design Development Findings

Ava has solicited feedback through multiple stakeholder engagement channels on program design

Residential

- Ongoing incentives should be high enough to keep customers enrolled in the program
- Customers should have options on how they'd like to participate in a long-term program
- Currently, about 70% of residential customers in Ava's territory that install solar and battery systems finance them through a third-party owner/aggregator

Resilience Hubs

- Resilience hubs are relatively new concepts, and approaches to provision of community resilience varies widely
- Existing resilience hubs are diverse across many characteristics
- Ava's program should support the widest range of resilience hubs possible by designing definitions, requirements and incentives that allow for wide participation

SmartHome Battery Program Proposal



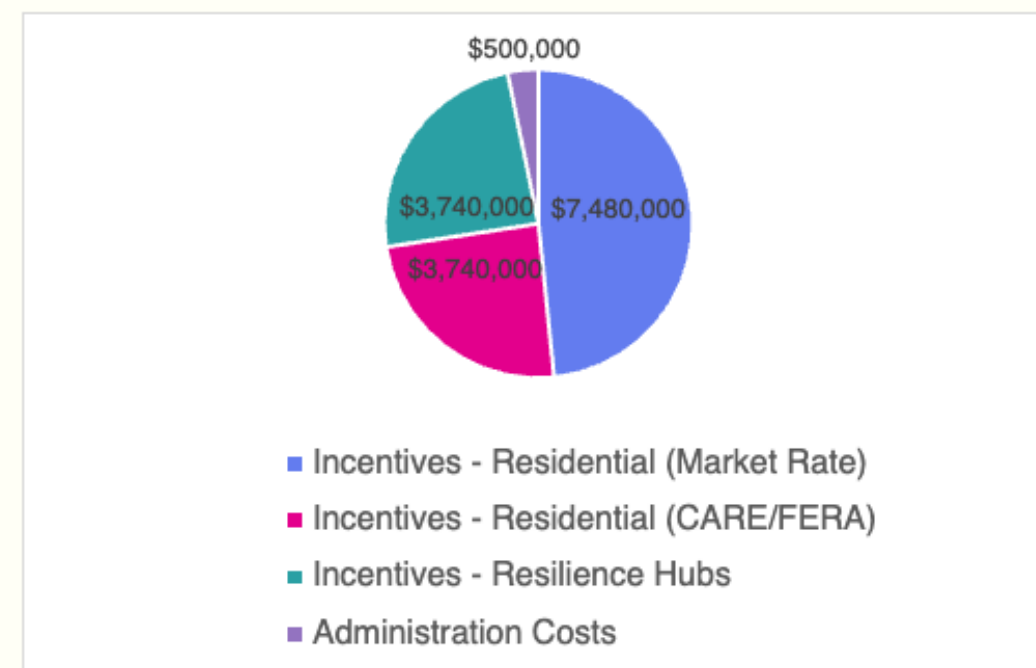
SmartHome Battery Budget and Program Enrollment Estimates

Program Enrollment Estimates

	Upfront Incentives	Ongoing Incentives	Capacity	Number of Participants*
Residential – CARE/FERA	\$1.05M	\$2.7M	3MW	830
Residential – Market Rate	\$1.5M	\$6M	17MW	3,080
Resilience Hubs	\$3.5M	\$0.25M	1MW	6
Total		\$15M	21MW	3,916

*The number of participants is dependent on the customers nominated battery capacity. Resilience Hubs will be highly dependent on the size of the projects. 6 projects is the minimum assuming all projects are at the proposed incentive cap of 500kWh.

Program Budget



SmartHome Battery by Customer Segment



Residential Customers

Eligibility

- Must be an Ava customer
- New installations of solar + battery storage, retrofits, existing solar + battery storage
- No dual enrollment in other battery programs

Program Term

- Enrollment: 5 years
- Participation: 5 years

VPP Participation

- Two-hour dispatches either daily or on an event basis determined by customer type + participating battery capacity
- Ava may earn revenue by dispatching into other programs

Incentive

Participant Type	Upfront Incentive	Ongoing Incentive
Residential - Market Rate	\$90/kWh nominated battery capacity	\$3/kWh nominated battery capacity/month
Residential - CARE/FERA	\$500/kWh nominated battery capacity*	\$3/kWh nominated battery capacity/month

*SGIP stacking for CARE/FERA customers: +up to \$1,100/kWh for full nameplate battery capacity

Incentive Example – Residential Customers

Incentives

Participant Type	Upfront Incentive	Ongoing Incentive
Residential - Market Rate	\$90/kWh nominated battery capacity	\$3/kWh nominated battery capacity/month
Residential - CARE/FERA	\$500/kWh nominated battery capacity*	\$3/kWh nominated battery capacity/month

**SGIP stacking for CARE/FERA customers: +up to \$1,100/kWh for full nameplate battery capacity*

Examples

Residential – Market Rate: If a customer nominates 80% of their 10kWh battery, they will receive:

$10\text{kWh} * 80\% * \$90/\text{kWh} = \720 upfront

$10\text{kWh} * 80\% * \$3/\text{kWh/month} * 3\text{months/quarter} = \$72/\text{quarter}$ for five years

Total = \$2,160

Residential – CARE/FERA: If a customer nominates 80% of their 10kWh battery, they will receive:

$10\text{kWh} * 80\% * \$500/\text{kWh} + 10\text{kWh} * \$1,100$ SGIP Incentive = \$15,000 upfront (*SGIP will cap at total project value*)

$10\text{kWh} * 80\% * \$3/\text{kWh/month} * 3\text{months/quarter} = \$72/\text{quarter}$ for five years

Total = \$16,440

Resilience Hub Definition

The proposed definition was reviewed in focus groups conducted by Emerald Cities Collaborative through an Ava community investment grant. There was community input to significantly broaden the definition beyond Ava's proposal.

Ava staff reviewed the proposed language and determined that retaining the proposed specificity related to the provision of clean backup power for resilience services is important to manage clear expectations on the purposes and services provided in the Program.

Ava's proposed definition for Resilience Hub Program participation appears below:

Resilience Hubs are physical, community-serving facilities that provide essential services, distribute critical resources during emergencies, and integrate clean energy solutions to maintain operation during power outages. They also serve as year-round community spaces where local residents regularly gather and access everyday services.

Resilience Hub Eligibility Requirements

Resilience Hub Eligibility Requirements

Ava non-residential customer

Property owner signoff (or landlord support for infrastructure changes)

Community-serving or public-benefit facility

Physical space to accommodate solar and battery storage

Open to the public during emergencies

Participate in Ava's VPP

Provide battery backup for at least 8 hrs/day over 3 days

Operational plan required to include resilience services provided, operational hours, staffing + financial plan, power management strategy, communications plan, coordination with other hubs/agencies.

Participate in Ava's VPP for ongoing incentives. Excused from VPP events during grid outage, PSPS event, or NWS extreme weather alert

A site must **provide at least one critical service to the public during a resilience event**, such as:

- Shelter
- Clean air or climate-controlled space
- Refrigeration
- Device charging
- EV charging
- WIFI
- Fresh water access
- Food distribution
- Other resilience services with approval by Ava

Incentive Example – Resilience Hubs

To set the incentive Ava completed extensive modeling on potential resilience hub sites with our consultant NV5. Results indicate that sites would have a 5- to 15-year payback based on site and system complexity as well as resilience services and backup power requirements.

Incentives

Participant Type	Upfront Incentive	Ongoing Incentive
Resilience Hub	\$1,220/kWh nameplate battery capacity	\$3/kWh nominated battery capacity/month

Example

Resilience Hub: If a resilience hub nominates 80% of their 100kWh battery, they will receive:

$100\text{kWh} * \$1,220/\text{kWh} = \$122,000$ upfront

$100\text{kWh} * 80\% * \$3/\text{kWh}/\text{month} = \$240/\text{month}$ for five years

Total = \$136,400

Ava will develop a reservation process for resilience hub incentives. After the first \$1M (out of \$3.75M total) is reserved, Ava will review projects with the Board and evaluate if further prioritization is warranted. Additional prioritization criteria could include the following:

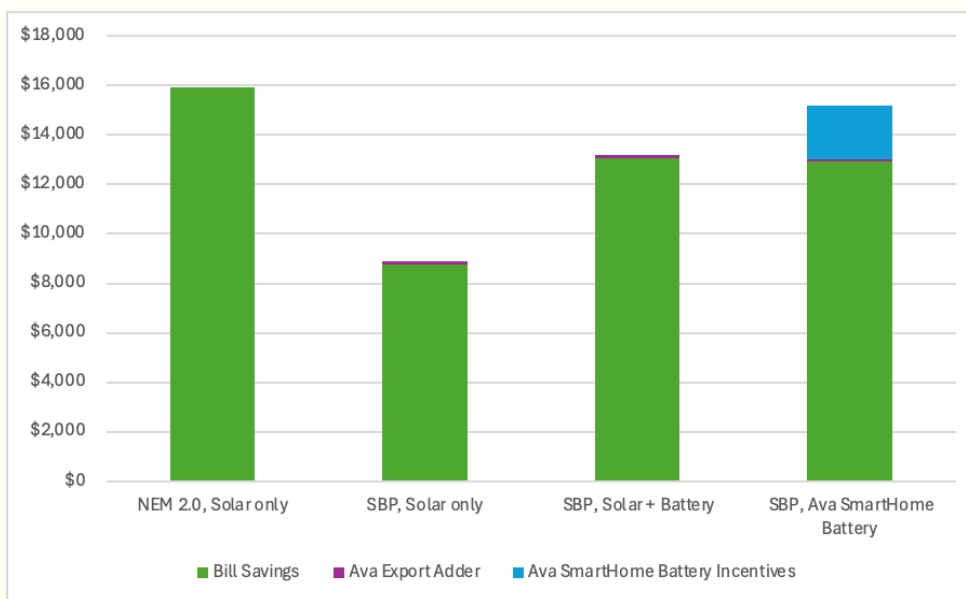
- 1) Resilience services provided
- 2) Location of resilience hubs and services to disadvantaged communities
- 3) Geographic distribution across Ava territory
- 4) Proximity to existing resilience hubs
- 4) Ownership/types of sites

SmartHome Battery Impacts on Customers



SmartHome Battery Impacts on Residential Customers

	Residential – Market Rate	Residential – CARE/FERA
Ava SmartHome Battery Incentives	\$2,160	\$5,440
California SGIP Incentives	\$0	\$11,000
Bill Savings over 5-year program term	\$12,917	\$12,917



5-year customers savings across various solar customer types including PG&E charges, assuming a 10kWh battery with 80% nomination using Energy ToolBase to estimate bill savings

NEM 2.0 transition to SBP led to a significant loss in customer savings potential unless the solar system was paired with a battery. Residential batteries cost \$10-20k upfront.

Adding a battery and \$20/year Ava export adder significantly increase customer savings from both Ava charges and PG&E T&D charges.

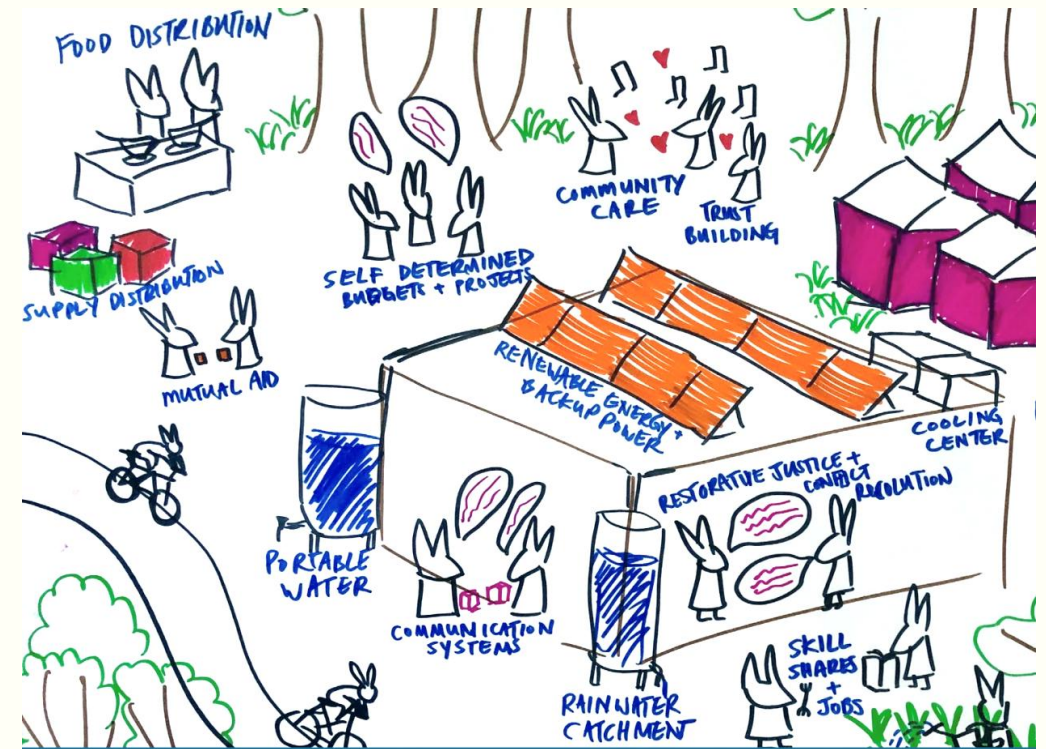
Ava's Solar & Storage program upfront incentive offsets part of the battery cost. To further reduce upfront cash burden, customers may also finance their system through a participating third-party aggregator.

CARE/FERA customers will be able to stack Ava's incentive with SGIP Residential Solar and Storage Equity Program, which provides up to \$1,100/ kWh.

SmartHome Battery Impacts on Resilience Hub Customers

Resilience Hubs

- The value of resilience for the communities served is the primary driver of customer value for resilience hubs.
- SmartHome Battery also provides value to Resilience Hubs as a stackable source of funding for solar and battery storage project development.
- With the expiration of SGIP's \$850-\$1,000 incentive for non-residential equity customers, Ava's incentive can help fill this gap and support customers as one component of the funding stack for resilience hub projects.



USDN San Leandro Resilience Hub Report

SmartHome Battery Impacts on Ava Revenue



DERs Impact Ava Revenue

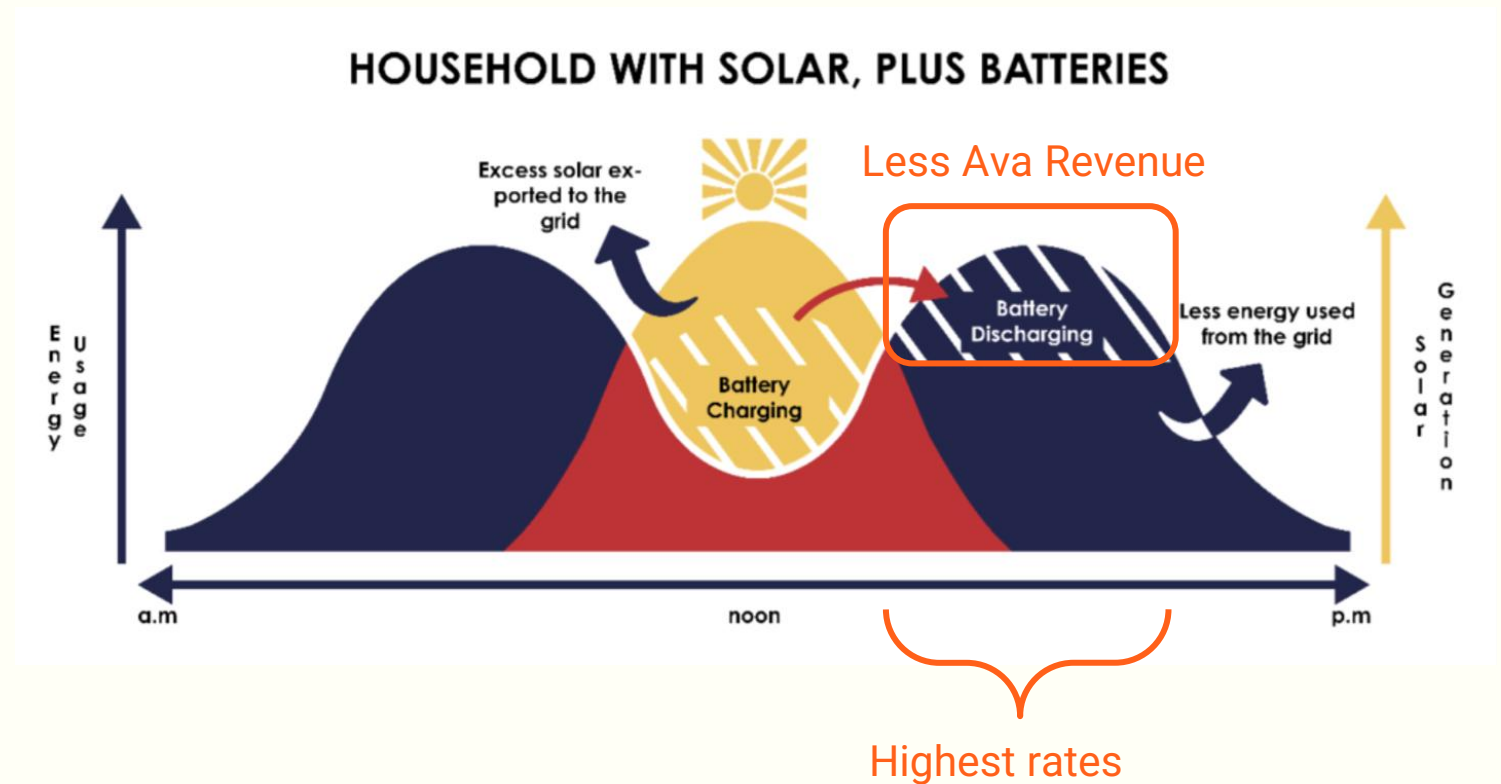
As more customers install batteries, Ava will experience a loss of revenue.

Through this program, Ava can get some grid service benefit to help offset these losses.

Although this program does impact Ava revenue, program budget does not include either lost revenue or grid services income.

Ava staff will evaluate overall revenue impact during the program term as a part of program evaluation.

Batteries store solar energy generated during the day for use later in the day, when rates are higher.



Source: <http://bit.ly/4mzrbjj>

SmartHome Battery Impacts on Ava revenue

	A: Solar and Battery not enrolled in SmartHome Battery	B: Solar and Battery enrolled in SmartHome Battery
Ava Reduced Revenue	(\$313)	(\$294)
Ava Export Bonus Credit	(\$20)	(\$20)
Reduced Day-Ahead Energy Cost	\$69	\$75
Reduced REC Cost	\$33	\$33
2026 DSGS Incentive	\$0	\$263
Total	(\$231)	\$57

There are impacts to Ava from any solar or solar and battery system operating in our service area. As a result of customers adding a battery, Ava loses about \$313/customer/year in revenue (see Column A) compared to a solar only customer.

These revenue losses are also present when solar and battery storage systems participate in the SmartHome Battery program (see Column B). Estimated revenue losses for participating customers are \$2.5M over a 5-year term.

Some revenue losses may be offset through solar and battery storage system participation in the VPP (see Column B).

SmartHome Battery Implementation



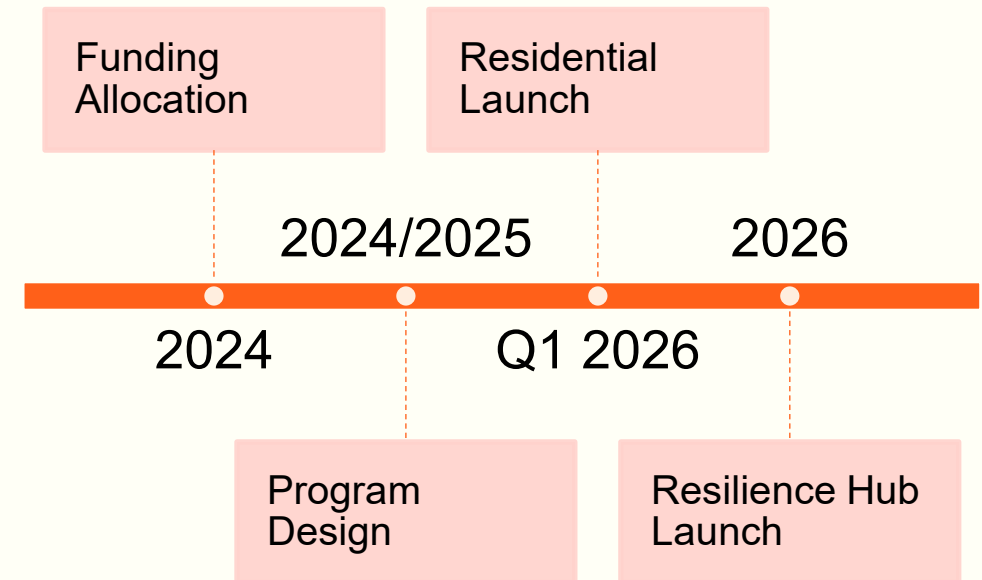
SmartHome Battery Implementation

Ongoing Efforts

- Development of enrollment web portal ongoing
- Implementation will include installer training and multi-tiered customer support
- To support resilience hubs, Ava will engage additional support if other processes, such as a waitlist, to support potential participation

Enrollment timing

- Early '26: Program opens for customers who own newly installed and existing solar and battery storage systems
- Q2 2026: Program opens for customers whose batteries are owned by aggregators pending aggregator execution of a participation agreement with Ava.
- Staff is still developing the Resilience Hub delivery approach for the SmartHome Battery Program, targeting launch later in 2026.



Reference



Initial Program Design Tenets

Program Term: Customers have 5 years to enroll for a 5-year program term. Enrollment term may end early upon budget expenditure.

Incentive Allocation: 50% of budget for upfront incentives for CARE/FERA residential customers and Resilience Hubs and 50% of budget for upfront incentives for market rate residential customers.

Upfront Incentives: Must be an Ava customer, install a battery with a new solar system or retrofitting an existing solar system.

- \$10,000 per battery for CARE/FERA customers.
- \$400/kWh of battery capacity for Resilience Hubs.
- \$1,250 per battery for market rate residential customers.

VPP Participation: Must be an Ava customer and connect to DERMS.

- All customers to receive \$2 per kWh of battery capacity per month for five years.
 - Customers who already have both solar and battery installed are eligible for the ongoing VPP incentive only.





Staff Report Item 6

To:	Ava Community Energy Authority
From:	Annie Henderson, Chief Customer Officer
Subject	Updating the Executive Committee on the status of the Customer Programs Roadmap RFP process
Date:	November 5, 2025

Summary/Recommendation

This Staff Report provides an update on the progress of a request for proposals from consultants to support the development of a strategic Customer Programs Roadmap.

Financial Impact

The FY25/26 Budget included an approved allocation of \$500,000 towards this effort. Additional funds may be available, if needed and approved by the board, from the previously allocated budget to the Local Development Fund – such as the \$4M allocated to “Future Roadmap Funding” in the approved FY25/26 budget ([slide 21 of the budget presentation in June 2025](#)).

Analysis and Context

Background

Ava Community Energy has a Local Development Fund with approximately \$100M in existing budget to support beneficial energy programs within our community. Ava has offered a wide variety of energy related programs and services to our customers and municipal members since launch in 2018. Ava currently has active programs in the market and under development for near-term launch. These include the Ava Bike Electric (e-bike rebate program), SmartHome Charging (EV managed charging program), Ava Charge (DC fast charging sites), Critical Municipal Facilities, Health-e Communities Pilot, Building Efficiency Accelerator, SmartHome Battery (a solar & storage incentive program), and Resilience Hub initiative. While some of these programs will remain active for many years to come, staff are initiating a year-long strategic planning process for customer programs and services to look into the next 5-year

phase. A strategic plan is necessary to a) identify key goals and priorities, b) support resource planning, and c) promote collaboration with stakeholders such as our member cities and counties, regional energy networks, and other community stakeholders.

Request for Proposals

On September 5th, staff issued a request for proposals for a consultant to support the development of a Customer Programs Roadmap that will provide strategic direction for the timeframe of 2027-2032.

The following timeline was included in the RFP:

Action	Date
Issuance of RFP	September 5, 2025
Bidder's Webinar	September 10, 2025
Deadline for questions/clarifications	September 15, 2025
Question responses posted online	September 17, 2025
Deadline to submit proposals	September 29, 2025
Finalist selection/interviews	Week of October 13, 2025
Final Negotiations and/or Best and Final Offer	November 3, 2025
Award of Contract by Board of Directors	November 19, 2025

Staff facilitated a bidder's webinar and posted responses to questions received, per the timeline.

Responses

Five conforming and two non-conforming proposals were received by the deadline. Five staff members reviewed the conforming bids and scored based on the criteria indicated in the RFP. Based on staff scoring, three bidders were invited for interviews during the week of October 13th. Staff requested additional information from bidders following the interviews. Staff are currently completing an internal review prior to bringing their final recommendation to the November full board meeting.

Key Information in Responses

Staff evaluated the five compliant proposals using an assessment rubric that identified a standard set of evaluation criteria:

- Understanding of scope, goals, and Ava's role as a public agency
- Technical expertise and strength of proposed methodology
- Project management and facilitation expertise

- Stakeholder engagement approach
- Cost
- Alignment with Ava procurement preferences.

All conforming proposals included a local firm and/or non-profit to support aspects of the scope of work, most commonly assigned to stakeholder engagement. Proposals varied significantly in their strategic methodologies, project management approaches, and integration of a local partner throughout the process

The description and approach to stakeholder engagement was a key consideration in the review, scoring, and recommendation of proposals. There was variation in stakeholder outreach across the proposals.

- Timeframe: All proposed approaches had touch points with internal and external stakeholders throughout the development timeline.
- Channels: Tactics for engagement included workshops, listening sessions, surveys, focus groups, interviews, pop-up events, community meetings, as well as Board and CAC meetings. These tactics were proposed to be conducted in person and/or online and to cover Ava's diverse geography and customer base. In some cases, bilingual support was proposed.
- Reach: Proposals included targeted interviews with specific stakeholders, community-based organizations, and industry-focused groups as well as a broad survey of the general public.
- Level of Effort: Dedicated hours were proposed as low as 115 hours and as high as 1450 hours, with an average of 640 hours and a median of 415 hours.

Staff plan to work with the selected bidder to find the best balance of stakeholder outreach that addresses community needs, provides valuable input to the process, and aligns with the desired timeframe. It is anticipated that a minimum of stakeholder outreach will include:

- Engagement with Staff, Board, and CAC
- Targeted stakeholder interviews and/or focus groups
- Broader customer survey

Next Steps

Staff intend to bring a recommendation to the Board in November, as indicated in the original timeline.