Board of Directors Meeting
Wednesday, February 18, 2026

6:00 pm

In Person:
Board Room
Ava Community Energy
1999 Harrison St, Ste 2300
Oakland, CA 94612

Or from the following locations:

- Clipper Club - 5 Captain Dr. Emeryville, CA 94608
- 4917 Knowlson Terrace, Fremont, CA 94555
- 35653 Scarborough Dr Newark, CA 94560
- 1100 Webster St, 2nd Floor Conference Room, Oakland, CA 94607
- Larch Clover Community Center – 11157 West Larch Road, Tracy, CA 95376
- Stockton City Hall – 425 N El Dorado St., Stockton, CA 95202

Via Zoom:
https://avaenergy-org.zoom.us/j/87023071843

Or join by phone:
Dial(for higher quality, dial a number based on your current location): US: +1 669 900 6833 or +1 346 248 7799 or +1 253 215 8782 or +1 929 205 6099 or +1 301 715 8592 or 888 475 4499 (Toll Free) or 877 853 5257 (Toll Free)
Webinar ID: 870 2307 1843

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 Board of Directors, please email it to the clerk by 5:00 pm the day prior to the meeting.

1. **Welcome & Roll Call**

2. **Pledge of Allegiance**

3. **Public Comment**
   This item is reserved for persons wishing to address the Board on any Ava-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 Board are customarily limited to two minutes per speaker and must complete an electronic speaker slip. The Board Chair may increase or decrease the time allotted to each speaker.

CONSENT AGENDA

4. **Approval of Minutes from January 21, 2026**

5. **Contracts Entered Into (Informational Item)**

6. **FY 2025-2026 Q2 Treasurer's Report**
   Update on Ava's for FY 2026 Q2 cash position

7. **Contract Amendment to ESCA-PLD-Tracy, 9 LLC**
   Contract amendment to the DAC project ESCA-PLD-TRACY9, LLC

8. **Contract Amendment to ESCA-PLD-Tracy, 16 LLC**
   Contract amendment to the DAC project ESCA-PLD-TRACY16, LLC

REGULAR AGENDA

9. **CEO Report**

10. **CAC Report**

11. **Fiscal Year 2025-2026 Mid-Year Budget Review (Informational Item)**
    Informational item presenting the mid-year performance of the current FY budget

12. **Overview of large electric load growth trends and implications for Ava Community Energy (Informational Item)**
    Informational Item providing an overview of large electric load growth trends and implications for Ava Community Energy

13. **SmartHome Battery Program Launch Update (Informational Item)**
    Informational items presenting program development and status before program launch.

14. **Board Member and Staff Announcements including requests to place items on future Board of Directors Meeting Agendas**

15. Adjourn

The next Ava Board of Directors meeting will be held on Wednesday, March 18, 2026 at 6pm.

Ava Community Energy

1999 Harrison Street, Suite 2300, Oakland, CA 94612

Board Meeting Access Instructions

If you need help finding or accessing the building, please call our Ava representative who is stationed in the building lobby: 510-393-0492.

Directions

Directions via BART

If you are taking BART: the 19th Street station is the closest stop to our office and is about a 5 minute walk away. Use the 20th St / Thomas L. Berkeley Way station exit.

Directions via Bike

Bike riders wanting to park their bike inside the parking garage can enter through the main building lobby. Bike parking is available on the parking garage first level right in front of the garage elevators.

Directions to Parking Garage via Car

The entrance to the building's attached garage is located on Harrison Street. If you're driving northbound on Harrison Street, as soon as you cross 19th St. the garage entrance is 3/4 down on your left-hand side. If you're heading east on Thomas L Berkeley Way/20th St. Continue East then make a right turn on Harrison Street, and the garage entrance is a quarter block up on your right-hand side.

When you arrive, enter via the gate labeled "Public Parkers". There are four floors of the parking garage, and you will need to take the elevator in the parking garage to the first floor. The parking attendant or an Ava representative will provide access into the building lobby.

The parking garage entry gate will be open until 8pm for CAC and BOD meetings. Attendees can exit the parking garage until 11pm.

Note that the garage's parking fee is $30 per use. Street parking is widely available near the building and free after 6pm.

Check-in at Security Desk

When you arrive at our building, please check in with the security desk in the lobby to get access to the elevators. If you have questions or need assistance, an Ava representative will be stationed and identifiable in the lobby. They can be reached at: 510-393-0492.

Draft Minutes
Board of Directors Meeting
Wednesday, January 21, 2026

6:00 pm

In Person:
Board Room
Ava Community Energy
1999 Harrison St, Ste 2300
Oakland, CA 94612

Or from the following locations:

- Office of Councilmember Igor Tregub, 2180 Milvia St., 5th Floor, Berkeley, CA 94704
- Hyatt Regency Sacramento, 1209 L Street, Sacramento, CA 95814
- 4917 Knowlson Terrace, Fremont, CA 94555
- 35653 Scarborough Dr Newark, CA 94560
- 1100 Webster St, 2nd Floor Conference Room, Oakland, CA 94607
- Larch Clover Community Center – 11157 West Larch Road, Tracy, CA 95376
- Stockton City Hall – 425 N El Dorado St., Stockton, CA 95202
- 1755 Harvest Landing Ln., Tracy, CA 95376

Via Zoom:
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If you have anything that you wish to be distributed to the Board of Directors, please email it to the clerk by 5:00 pm the day prior to the meeting.

1. **Welcome & Roll Call**
   Present: Members: Marquez (Alameda County), Tregub (Berkeley), Kaur (Emeryville), Keng (Fremont), Roche (Hayward), Barrientos (Livermore), Del Catancio (Newark), Brown (Oakland), Balch (Pleasanton), Rickman (San Joaquin County), Fugazi (Stockton), Bedolla (Tracy), Sakakihara (Union City), CAC Chair Souza (Community Advisory Committee), Vice-Chair Gonzalez (San Leandro) and Chair Andersen (Piedmont)

   Not Present: Members: Lopez (Albany), Morada (Dublin) and Diallo (Lathrop)

   Alternate Member Bedolla *served as the representative for the City of Tracy (Nygard).*
   Member Kaur *joined the meeting at 6:30pm.*
   Alternate Member Bedolla *joined the meeting at 6:43pm.*
   Member Barrientos *joined the meeting at 7:11pm.*

2. **(2:05) Pledge of Allegiance**
   The Chair led the Pledge of Allegiance.

3. **Public Comment**
   This item is reserved for persons wishing to address the Board on any Ava-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 Board are customarily limited to two minutes per speaker and must complete an electronic speaker slip. The Board Chair may increase or decrease the time allotted to each speaker.

   (3:09) Public Comment: Jessica Tovar spoke in favor of expanding the resilience hubs program.

CONSENT AGENDA

4. **(5:41) Approval of Minutes from December 17, 2025**

5. **Contracts Entered Into (Informational Item)**

   Vice-Chair Gonzales motioned to approve the Consent Calendar. Member Roche seconded the motion, which was approved 13/0/0/0/5 (yes/no/abstain/recuse/not present)
   Yes: Members: Marquez, Tregub, Kaur, Keng, Roche, Del Catancio, Brown, Balch, Rickman, Fugazi, Sakakihara, Vice-Chair Gonzalez and Chair Andersen
   No: none
   Abstain: none
   Recuse: none
   Not Present: Members: Lopez, Morada, Diallo, Barrientos, Bedolla

REGULAR AGENDA

6. **(7:49) CEO Report**

   Howard Chang, CEO, presented the CEO Report. The written version of the report is available in the January 21, 2026 agenda packet.

   Chair Andersen opened the public comment period and there were no speakers.

7. **(13:04) CAC Report**

   The newly elected CAC Chair, Lorraine Sousa, delivered her first report to the Board. The written version of the report is available in the January 21, 2026 agenda packet.

   Chair Andersen opened the public comment period and there were no speakers.

8. **(18:42) IRP Overview (Informational Item)**
   Overview of upcoming Integrated Resource Plan compliance analysis & Ava supplemental analysis

   Marie Fontenot, Senior Vice President of Power Resources, presented an overview of the upcoming Integrated Resource Plan (IRP) compliance analysis and answered questions from the Board.

   (54:47) Public Comment: Jim Lutz expressed the CAC's appreciation for staff bringing in house analysis such as that provided in the IRP Overview.

9. **(1:02:17) Update on Changes to 2026 Customer Bills (Informational Item)**
   Update on rates and a new PG&E delivery related Base Service Charge

   Annie Henderson, Chief Customer Officer, presented an update on changes to 2026 customer bills and answered questions from the Board.

   (1:33:07) Public Comment: Jessica Tovar stated that in addition to conducting outreach about rates and affordability, there should also be discussion about the benefits that a public not for profit community choice energy agency can bring for local communities.

10. **(1:45:25) Meeting Agenda Schedule Protocol (Action Item)**
    Discuss a schedule management protocol to require agenda items to start prior to 9PM for regular board meetings with an option to extend with majority board vote

    Chair Andersen presented the Meeting Agenda Schedule Protocol and answered questions from the Board.

Member Roche motioned to approve the Meeting Agenda Schedule Protocol. Member Barrientos seconded the motion, which was approved 14/0/0/0/4 (yes/no/abstain/recuse/not present):
Yes: Members: Marquez, Tregub, Kaur, Keng, Roche, Barrientos, Del Catancio, Brown, Balch, Rickman, Fugazi, Sakakihara, Vice-Chair Gonzalez and Chair Andersen
No: none
Abstain: none
Recuse: none
Not Present: Members: Lopez, Morada, Diallo and Bedolla

11. **(1:51:08) Board Member and Staff Announcements including requests to place items on future Board of Directors Meeting Agendas**

    There were no announcements or requests.

12. **Adjourn**
    The meeting was adjourned at 7:53pm.

    The next Ava Board of Directors meeting will be held on Wednesday, February 18, 2026 at 6pm.

1/21/26 – Ava Board of Directors

AI Generated Courtesy Summary
not official minutes
This summary has not been reviewed for accuracy

Welcome & Roll Call

The Board of Directors meeting was called to order at 6:02 PM on Wednesday, January 21, 2026, by the Chair. The meeting was held at Ava headquarters at 1999 Harrison Street, Suite 2300 in Oakland, California in the Altamonte conference room. The Clerk conducted roll call and established that a quorum was present with representatives from Alameda County, Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Lathrop, Livermore, Newark, Oakland, Pleasanton, San Joaquin County, Stockton, Tracy, Union City, Community Advisory Committee, San Leandro, and Piedmont in attendance.

Pledge of Allegiance

The Chair led the Pledge of Allegiance.

Public Comment

Jessica Tovar from Local Clean Energy Alliance and People's Clean Power Alliance addressed the Board. She reminded the Board about the devastating wildfires that occurred a year ago, emphasizing how these events demonstrated the need for community resilience in the face of climate change. She advocated for resilience hubs to respond to current crises and thanked the Board for not moving forward with contracting Deloitte, which holds contracts with ICE and the Department of Homeland Security. She urged the agency to create a policy that prevents public funds from being used to contract with organizations collaborating with what she termed a "fascist regime."

CONSENT AGENDA

Approval of Minutes from December 17, 2025

Contracts Entered Into (Informational Item)

The consent agenda included two items: approval of minutes from December 17, 2025, and contracts entered into by Ava in January 2026.

> Motion to approve the consent agenda was made by Vice Chair and seconded by Member Roche. The motion was approved unanimously by roll call vote.

CEO Report

The CEO presented several updates:

- Recent meetings included an Executive Committee meeting on January 14th where members received an update on customer care and data management services procurement plans. The next Executive Committee meeting on February 4th would likely be canceled due to staff being in Sacramento.

- The Financial Administrative and Procurement (FAP) meeting is scheduled for January 28th at 3:30 PM, while the Marketing Regulatory Legislative subcommittee meeting on December 19th was canceled, with the next one scheduled for March 6th.
- Applications for the Community Advisory Committee (CAC) are now open through February 20th. The CEO welcomed and congratulated Mickey Sousa as the newly elected CAC Chair.
- The CEO mentioned ongoing work on Ava's outreach strategy, with plans to survey board and CAC members for input on 2026 outreach plans.
- Recent community sponsorship recipients were highlighted, with funding provided to organizations across Ava's service area in areas such as sports, art, music, and STEM.
- A grants ideation public community workshop will be held on January 28th from 5:30-7:30 PM at the Oakland office, with a remote option available.

CAC Report

The newly elected CAC Chair, Mickey Sousa, delivered his first report to the Board. He thanked the committee for electing him as Chair alongside Vice Chair Indera Bachlissen. Souza outlined his goals for the year, which included better understanding how the advisory committee can serve both Ava staff and the Board while acting as a bridge to community needs.

The Chair reported that during their recent meeting, Jessica Tovar had emphasized that communities are already suffering from wildfires and climate change issues, and thanked Ava for opposing corporations working with ICE. The CAC was pleased with the addition of AI-generated minutes despite some name misspellings.

The CAC expressed disappointment regarding the reduction of renewable investments and removal of unbilled credits. The committee also discussed streamlining ad hoc committee communications using categories such as risks, community concerns, legislative issues, and opportunities.

Souza highlighted the possibility of joining forces with San Diego CCA, which has sued for a review of the PCIA (Power Charge Indifference Adjustment), suggesting that Ava and the CAC might help with efforts to reverse recent PCIA reform.

IRP Overview (Informational Item)

Marie Fontenot, Senior Vice President of Power Resources, presented an overview of the upcoming Integrated Resource Plan (IRP) compliance analysis. She explained that the IRP is a biennial compliance filing required by the California Public Utilities Commission (CPUC) that serves as a long-term road map detailing how Ava will meet future energy demand reliably and affordably.

Key points from her presentation included:

- The CPUC mandates prescriptive modeling assumptions for all load-serving entities, with the filing deadline set for June 1, 2026.
- Previous IRP analyses in 2018, 2020, and 2022 have resulted in procurement mandates from the CPUC.
- Ava is now using an open-source software called GenX to conduct this analysis in-house for the first time, which represents a significant advancement in organizational capabilities.
- The analysis includes three main modeling components: capacity expansion, production cost, and portfolio expansion.
- The CPUC will require analysis of different carbon emission scenarios, including assumptions about statewide carbon goals by 2040.
- The results will be presented to the Board for approval before submission to the CPUC in May or June.

Howard Choy, CEO, emphasized the significant undertaking this analysis represents and noted that developing these capabilities in-house will allow Ava to perform similar analyses more regularly to inform decision-

making. The Board discussed the potential for an ad hoc committee to provide additional review of the IRP materials before they come back for final approval.

Members expressed concerns about forecasting data center loads, which are projected to grow significantly (up to 20% year-over-year from 2027-2029), and questions about whether small-scale nuclear power would be part of the state's energy future.

Update on Changes to Customer Bills (Informational Item)

Annie Henderson, Chief Customer Officer, presented an update on changes to 2026 customer bills. She explained that due to a late December filing with final rates for January 2026, there were changes from the forecast presented in December 2025:

- Previously, the total bill decrease for average residential customers was forecasted to be about 11%, but based on final numbers, it will be about 5%.
- Ava is still reducing its generation charges by 15-21% depending on service level, but PG&E's delivery charges have increased more than expected.
- The Bright Choice discount and Renewable 100 premium changes approved by the Board in December have been implemented, with most customers seeing these new rates on bills received in early February.
- A new base services charge (fixed monthly fee) from PG&E will begin appearing on residential customers' bills in March 2026, with standard residential customers paying $24 per month, CARE customers paying $6, and FERA customers and those in subsidized housing paying $12.

Several Board members expressed concern about customer confusion regarding bills and the need for clear communication distinguishing between Ava charges and PG&E charges. Member Fugazi shared that her office receives daily questions about energy bills and requested consistent messaging and clear side-by-side comparisons to help constituents understand their bills.

Vice Chair emphasized the importance of clearly communicating that Ava is working to lower customer bills through its portion of the charges, even if the overall bill has increased due to PG&E charges. Member Tregub noted concerns about the base services charge's potential impacts on lower-income customers, especially those in smaller housing units.

Meeting Agenda Schedule Protocol (Action Item)

The Chair presented a proposed protocol to require agenda items to start prior to 9 PM for regular board meetings, with an option to extend with a majority board vote. The proposal was developed to improve meeting efficiency and help staff prepare accordingly, now that meetings are held at Ava offices without the previous venue's 10 PM cutoff.

Board members were supportive of the proposal, with Member Roche noting that it would encourage items to be completed on time and Member Barantas adding that it would prevent items from being drawn out unnecessarily. The Chair clarified that if a substantive agenda item had not begun by 9 PM, it would be continued to the next meeting unless a majority of members voted to proceed.

> Motion to approve the meeting agenda schedule protocol was made by Member Roche and seconded by Member Barantas. The motion was approved unanimously by roll call vote.

Board Member and Staff Announcements including requests to place items on future Board of Directors Meeting Agendas

There were no announcements or requests.

Adjourn

The meeting was adjourned at 7:53 PM. The next Ava Board of Directors meeting will be held on Wednesday, February 18, 2026, at 6 PM.

Consent Item 5

To:	Ava Community Energy Authority
From:	Howard Chang, Chief Executive Officer
Subject:	**Contracts Entered Into**
Date:	February 18, 2026

RECOMMENDATION

Accept the CEO's report on contracts that Ava Community Energy has entered into, as required by the Administrative Procurement Policy, from January 13th, 2026 through February 13, 2026.

Counterparty Name	Record Name	Record Type	Contract Purpose	Contract Value	Not To Exceed	Expiration Date	City	State	Ironclad Id
Abbott, Stringham & Lynch	January 2026 Consulting Services Agreement	Consulting Services Agreement	Provides data and security audit services to Ava.	$10,000	$10,000	2026-06-30	Campbell	California	IC-2278
ACCO Engineered Systems	BID CONTRACT	Vendor Purchase Template	Provide exigent evaluation of potential repairs to the HVAC system in Ava's server room.	$1,008	N/A	N/A	San Leando	CA	IC-2296
COASTAL CLOUD, LLC	January 2026 Amendment to the Consulting Services Agreement	Consulting Services Agreement	addition of Scope related to Marketing Cloud Growth Implementation, adds $63,450 to the compensation.	$63,450	$213,350	N/A	Palm Coast	Florida	IC-2283
Cornish & Carey Commercial	February 2026 Amendment to the California Exclusive Authorization of Sale	Vendor Purchase Template	Extend the term of a real estate broker agreement until March 31, 2026.	N/A	N/A	2026-03-31	Oakland	California	IC-2347
LHi Group, Inc.	Statement of Work - Payrolling Assignment	Vendor Purchase Template	Temporary workforce supplementation.	N/A (Hourly)	N/A	2026-0630	New York	New York	IC-2302
Magellan Health Services of California, Inc	Services Agreement	Vendor Purchase Template	Employee Assistance Program.	$30,000	N/A	2029-01-31	Maryland Heights	Missouri	IC-2284

Counterparty Name	Record Name	Record Type	Contract Purpose	Contract Value	Not To Exceed	Expiration Date	City	State	Ironclad Id
Noceti Group, Inc.	2026 San Joaquin County Asparagus Festival $5,000 Spear Sponsorship	Vendor Purchase Template	Sponsorship provided to support a local festival in Ava's service territory in exchange for promotional privileges.	$5,000	$5,000	N/A	French Camp	California	IC-2332
OpenAI OpCo, LLC	OPENAI ORDER FORM	Vendor Purchase Template	Procure AI licenses with appropriate legal protections and use limitations.	$19,800	N/A	2027-02-15	San Francisco	California	IC-2457
Port City Marketing Solutions, Incorporated	December 2025 Consulting Services Agreement	Consulting Services Agreement	Provides media buying and related marketing and communications services to Ava.	$100,000	$100,000	2027-01-20	Stockton	California	IC-2261
Project6 Design, Inc.	February 2026 Amendment to the Consulting Services Agreement	Consulting Services Agreement	Increase NTE on existing contract.	$20,000	$468,000	N/A	Berkeley	California	IC-2345

Consent Item 6

To:	Ava Community Energy Authority
From:	Russell Mills, Chief Financial Officer & Treasurer
Subject:	Presenting the Treasurer's Report for Fiscal Year 2025-2026 Q2 (Informational Item)
Date:	February 18, 2026

Summary/Recommendation

Receive report on Ava's cash position.

Background and Discussion

For the quarter ending December 31, 2025, Ava has maintained a positive cash balance on all Ava bank accounts. Below is a summary of account balances, cash received, and outstanding loan balances.

Account Balances as of 12/31/2025

Accounts Held	Amount	
River City Accounts		
Operating		
Internal Operating	$	2,982,223
Operating Fund	$	182,173,156
Lockbox	$	26,181,777
Interest Bearing		
Money Market	$	60,773,088
Insured Cash Sweep Checking	$	90,302,021
Insured Cash Sweep Saving	$	5,163,661
CDARS	$	50,000,000
US Bank		
Checking	$	58,237,429
Reserve Balance	$	330,873,400
Invested Capital	$	20,922,324
Wells Fargo		
Security Margin	$	263,907
Total	$	827,872,986

Cash Received by Month into Lockbox Account

Oct	2025	$	125,126,144
Nov	2025	$	86,248,379
Dec	2025	$	87,475,914
Total		$	298,850,438

Outstanding Loan Balances:

PNC Credit Facility: $0.00

Customer Delinquency:

As of December 31, 2025

31 – 60 Days:	$ 6,599,534
61 – 90 Days:	$ 6,890,213
91 - 120 Days:	$ 5,007,818
120+ Days:	$ 55,477,688

Consent Item 7

To:	Ava Community Energy Authority
From:	Matthew Chiodo – Senior Analyst, Power Resources
Subject:	Approving Two Resolutions (1) Authorizing the Chief Executive Officer to Negotiate and Execute a First Amendment to the Power Purchase Agreement with ESCA-PLD-TRACY9, LLC and (2) Authorizing the Chief Executive Officer to Negotiate and Execute a First Amendment to the Power Purchase Agreement with ESCA-PLD-TRACY16, LLC
Date:	February 18, 2026

Recommendation

(1) Adopt a Resolution authorizing the Chief Executive Officer to negotiate and execute a First Amendment to the Power Purchase Agreement with ESCA-PLD-TRACY9, LLC.

(2) Adopt a Resolution authorizing the Chief Executive Officer to negotiate and execute a First Amendment to the Power Purchase Agreement with ESCA-PLD-TRACY16, LLC.

Background

In February 2024, the Ava Community Energy ("Ava") Board of Directors ("Board") approved the execution of five Power Purchase Agreements ("Agreements") for solar projects located in Ava's service territory with Prologis, Inc. (the "DAC Portfolio"). These solar projects are part of two California Public Utilities Commission ("CPUC") funded programs: the Disadvantaged Communities Green Tariff ("DAC-GT") and Community Solar Green Tariff ("CSGT"). These programs intend to promote development of renewable generation within Disadvantaged Communities ("DAC") and offer primarily California Alternate Rates for Energy ("CARE") and Family Electric Rate Assistance ("FERA") program customers living in a DAC access to 100 percent renewable energy supply and a 20 percent discount on electricity bills.

The DAC Portfolio totals 7.28 MW of renewable energy from commercial rooftop solar projects in Ava's service territory, including rooftop solar projects in Oakland, San Leandro, Hayward, and two projects in Tracy. This portfolio of long-term contracts is intended to serve approximately 3,700 customers in Ava's service territory, consistent with the CPUC's rules for the DAC-GT program[1]. Of the five projects, construction has begun on the Oakland, San Leandro, and Hayward projects, with the Oakland project expected to be online this spring.

Within the DAC Portfolio, the two Tracy projects, ESCA-PLD-TRACY16, LLC ("Tracy 2") and ESCA-PLD-TRACY9, LLC ("Tracy 12"), have experienced interconnection delays during their development, making the development milestones currently unreachable, even with the allowed delay days in the Agreements. These challenges in meeting the online dates for Tracy 2 and Tracy 12 are due to delays in the interconnection process managed by Pacific Gas and Electric ("PG&E"). PG&E is the party responsible for managing the interconnection study process and syncing projects to the distribution system. Since the projects were unable to meet the interconnection deadlines outlined in the Agreements, the Milestone Dates, including the Expected Construction Start, Financial Close Date, Initial Synchronization Date, and Commercial Operation Dates, are no longer achievable. Therefore, contract amendments are needed to ensure that the projects remain viable and can come online later than originally planned.

When these two Tracy projects come online, they will provide valuable benefits to Ava customers, including bill savings for customers eligible for the Disadvantaged Community Green Tariff program. Both projects are expected to begin construction in late spring of 2026. Once completed, the projects will become the fourth and fifth DAC projects to be built and operational within Ava's service territory. On November 18, 2024, Ava's advice letter seeking additional eligible DAC-GT program volumes was approved by the CPUC, allowing Ava to increase the number of customers enrolled in the program. Currently, 4,196 Ava customers are enrolled in the DAC program. Staff will release a second request for offers (RFO) to solicit and contract additional DAC-GT program eligible long-ter contracts this spring. In the meantime, DAC-GT clean energy is served by short-term contracts. Below is a table with enrolled customers by city within Ava's service territory:

City	# DAC-GT Customers
Berkeley	33
Emeryville	81
Hayward	147
Lathrop	71
Newark	59
Oakland	1,925

[1] CPUC D.18-06-027

San Leandro	323
San Lorenzo	1
Stockton	1,250
Tracy	217
Union City	89
Total	4,196

Attachments

A. Resolution of the Board of Directors of Ava Community Energy Authority Authorizing the Chief Executive Officer to Negotiate and Execute a First Amendment to the Power Purchase Agreement with ESCA-PLD-TRACY9, LLC
B. Resolution of the Board of Directors of Ava Community Energy Authority Authorizing the Chief Executive Officer to Negotiate and Execute a First Amendment to the Power Purchase Agreement with ESCA-PLD-TRACY16, LLC

RESOLUTION NO. R-2026-XX

A RESOLUTION OF THE BOARD OF DIRECTORS

OF AVA COMMUNITY ENERGY AUTHORITY AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO NEGOTIATE AND EXECUTE A FIRST AMENDMENT TO THE POWER PURCHASE AGREEMENT WITH ESCA-PLD-TRACY9, LLC

WHEREAS Ava Community Energy Authority ("Ava") was formed as a community choice aggregation agency ("CCA") on December 1, 2016, under the Joint Exercise of Powers Act, California Government Code sections 6500 et seq., among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions. The Cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of Ava and parties to the Joint Powers Agreement ("JPA") in March of 2020. The City of Stockton, located in San Joaquin County, was added as a member of Ava in September of 2022. The City of Lathrop, located in San Joaquin County, was added as a member to Ava in October of 2023. San Joaquin County was added as a member to Ava in July 2024. On October 24, 2023, Ava legally adopted the name Ava Community Energy Authority, where it had previously used the name East Bay Community Energy Authority since its inception; and

WHEREAS Ava issued the 2022 Disadvantage Communities Green Tariff and Community Solar Request for Offer in December 2022; and

WHEREAS Ava executed a Power Purchase Agreement ("PPA") with ESCA-PLD-TRACY9, LLC ("Seller") on February 22, 2024; and

WHEREAS The Power Purchase Agreement is for 3 mega-watts of Solar Energy with an Expected Construction Start Date of January 1, 2026, Financial Close Date of January 1, 2026, Initial Synchronization Date of March 1, 2026, and an Expected Commercial Operation Date of June 1, 2026; and

WHEREAS Ava staff is negotiating a first amendment to the PPA with the Seller to amend the Expected Construction Start Date, Financial Close Date, Initial Synchronization Date, and the Expected Commercial Operation Date.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF AVA COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The Chief Executive Officer, in consultation with staff and legal counsel, is hereby authorized to negotiate and execute a First Amendment to the Power Purchase Agreement with ESCA-PLD-TRACY9, LLC to amend the Expected Construction Start Date, Financial Close Date, Initial Synchronization Date, and the Expected Commercial Operation Date.

ADOPTED AND APPROVED this 18th day of February, 2026.

Betsy Andersen, Chair

ATTEST:

Adrian Bankhead, Clerk of the Board

RESOLUTION NO. R-2026-XX

A RESOLUTION OF THE BOARD OF DIRECTORS

OF AVA COMMUNITY ENERGY AUTHORITY AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO NEGOTIATE AND EXECUTE A FIRST AMENDMENT TO THE POWER PURCHASE AGREEMENT WITH ESCA-PLD-TRACY16, LLC

WHEREAS Ava Community Energy Authority ("Ava") was formed as a community choice aggregation agency ("CCA") on December 1, 2016, under the Joint Exercise of Powers Act, California Government Code sections 6500 et seq., among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions. The Cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of Ava and parties to the Joint Powers Agreement ("JPA") in March of 2020. The City of Stockton, located in San Joaquin County, was added as a member of Ava in September of 2022. The City of Lathrop, located in San Joaquin County, was added as a member to Ava in October of 2023. San Joaquin County was added as a member to Ava in July 2024. On October 24, 2023, Ava legally adopted the name Ava Community Energy Authority, where it had previously used the name East Bay Community Energy Authority since its inception; and

WHEREAS Ava issued the 2022 Disadvantage Communities Green Tariff and Community Solar Request For Offer in December 2022; and

WHEREAS Ava executed a Power Purchase Agreement ("PPA") with ESCA-PLD-TRACY16, LLC ("Seller") on February 22, 2024; and

WHEREAS the PPA is for 2 mega-watts of Solar Energy with an Expected Construction Start Date of January 1, 2026, Financial Close Date of January 1, 2026, Initial Synchronization Date of March 1, 2026, and an Expected Commercial Operation Date of June 1, 2026; and

WHEREAS Ava staff is negotiating a first amendment to the PPA with the Seller to amend the Expected Construction Start Date, Financial Close Date, Initial Synchronization Date, and the Expected Commercial Operation Date.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF AVA COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The Chief Executive Officer, in consultation with staff and legal counsel, is hereby authorized to negotiate and execute a First Amendment to the Power Purchase Agreement with ESCA-PLD-TRACY16, LLC to amend the Expected Construction Start Date, Financial Close Date, Initial Synchronization Date, and the Expected Commercial Operation Date.

ADOPTED AND APPROVED this 18th day of February, 2026.

Betsy Andersen, Chair

ATTEST:

Adrian Bankhead, Clerk of the Board

Consent Item 8

To:	Ava Community Energy Authority
From:	Matthew Chiodo – Senior Analyst, Power Resources
Subject:	Approving Two Resolutions (1) Authorizing the Chief Executive Officer to Negotiate and Execute a First Amendment to the Power Purchase Agreement with ESCA-PLD-TRACY9, LLC and (2) Authorizing the Chief Executive Officer to Negotiate and Execute a First Amendment to the Power Purchase Agreement with ESCA-PLD-TRACY16, LLC (intentionally identical with Item 7)
Date:	February 18, 2026

Recommendation

(1) Adopt a Resolution authorizing the Chief Executive Officer to negotiate and execute a First Amendment to the Power Purchase Agreement with ESCA-PLD-TRACY9, LLC.

(2) Adopt a Resolution authorizing the Chief Executive Officer to negotiate and execute a First Amendment to the Power Purchase Agreement with ESCA-PLD-TRACY16, LLC.

Background

In February 2024, the Ava Community Energy ("Ava") Board of Directors ("Board") approved the execution of five Power Purchase Agreements ("Agreements") for solar projects located in Ava's service territory with Prologis, Inc. (the "DAC Portfolio"). These solar projects are part of two California Public Utilities Commission ("CPUC") funded programs: the Disadvantaged Communities Green Tariff ("DAC-GT") and Community Solar Green Tariff ("CSGT"). These programs intend to promote development of renewable generation within Disadvantaged Communities ("DAC") and offer primarily California Alternate Rates for Energy ("CARE") and

Family Electric Rate Assistance ("FERA") program customers living in a DAC access to 100 percent renewable energy supply and a 20 percent discount on electricity bills.

The DAC Portfolio totals 7.28 MW of renewable energy from commercial rooftop solar projects in Ava's service territory, including rooftop solar projects in Oakland, San Leandro, Hayward, and two projects in Tracy. This portfolio of long-term contracts is intended to serve approximately 3,700 customers in Ava's service territory, consistent with the CPUC's rules for the DAC-GT program[1]. Of the five projects, construction has begun on the Oakland, San Leandro, and Hayward projects, with the Oakland project expected to be online this spring.

Within the DAC Portfolio, the two Tracy projects, ESCA-PLD-TRACY16, LLC ("Tracy 2") and ESCA-PLD-TRACY9, LLC ("Tracy 12"), have experienced interconnection delays during their development, making the development milestones currently unreachable, even with the allowed delay days in the Agreements. These challenges in meeting the online dates for Tracy 2 and Tracy 12 are due to delays in the interconnection process managed by Pacific Gas and Electric ("PG&E"). PG&E is the party responsible for managing the interconnection study process and syncing projects to the distribution system. Since the projects were unable to meet the interconnection deadlines outlined in the Agreements, the Milestone Dates, including the Expected Construction Start, Financial Close Date, Initial Synchronization Date, and Commercial Operation Dates, are no longer achievable. Therefore, contract amendments are needed to ensure that the projects remain viable and can come online later than originally planned.

When these two Tracy projects come online, they will provide valuable benefits to Ava customers, including bill savings for customers eligible for the Disadvantaged Community Green Tariff program. Both projects are expected to begin construction in late spring of 2026. Once completed, the projects will become the fourth and fifth DAC projects to be built and operational within Ava's service territory. On November 18, 2024, Ava's advice letter seeking additional eligible DAC-GT program volumes was approved by the CPUC, allowing Ava to increase the number of customers enrolled in the program. Currently, 4,196 Ava customers are enrolled in the DAC program. Staff will release a second request for offers (RFO) to solicit and contract additional DAC-GT program eligible long-ter contracts this spring. In the meantime, DAC-GT clean energy is served by short-term contracts. Below is a table with enrolled customers by city within Ava's service territory:

City	# DAC-GT Customers
Berkeley	33
Emeryville	81
Hayward	147
Lathrop	71

[1] CPUC D.18-06-027

Newark	59
Oakland	1,925
San Leandro	323
San Lorenzo	1
Stockton	1,250
Tracy	217
Union City	89
Total	4,196

Attachments

A. Resolution of the Board of Directors of Ava Community Energy Authority Authorizing the Chief Executive Officer to Negotiate and Execute a First Amendment to the Power Purchase Agreement with ESCA-PLD-TRACY9, LLC
B. Resolution of the Board of Directors of Ava Community Energy Authority Authorizing the Chief Executive Officer to Negotiate and Execute a First Amendment to the Power Purchase Agreement with ESCA-PLD-TRACY16, LLC

RESOLUTION NO. R-2026-XX

A RESOLUTION OF THE BOARD OF DIRECTORS

OF AVA COMMUNITY ENERGY AUTHORITY AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO NEGOTIATE AND EXECUTE A FIRST AMENDMENT TO THE POWER PURCHASE AGREEMENT WITH ESCA-PLD-TRACY9, LLC

WHEREAS Ava Community Energy Authority ("Ava") was formed as a community choice aggregation agency ("CCA") on December 1, 2016, under the Joint Exercise of Powers Act, California Government Code sections 6500 et seq., among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions. The Cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of Ava and parties to the Joint Powers Agreement ("JPA") in March of 2020. The City of Stockton, located in San Joaquin County, was added as a member of Ava in September of 2022. The City of Lathrop, located in San Joaquin County, was added as a member to Ava in October of 2023. San Joaquin County was added as a member to Ava in July 2024. On October 24, 2023, Ava legally adopted the name Ava Community Energy Authority, where it had previously used the name East Bay Community Energy Authority since its inception; and

WHEREAS Ava issued the 2022 Disadvantage Communities Green Tariff and Community Solar Request for Offer in December 2022; and

WHEREAS Ava executed a Power Purchase Agreement ("PPA") with ESCA-PLD-TRACY9, LLC ("Seller") on February 22, 2024; and

WHEREAS The Power Purchase Agreement is for 3 mega-watts of Solar Energy with an Expected Construction Start Date of January 1, 2026, Financial Close Date of January 1, 2026, Initial Synchronization Date of March 1, 2026, and an Expected Commercial Operation Date of June 1, 2026; and

WHEREAS Ava staff is negotiating a first amendment to the PPA with the Seller to amend the Expected Construction Start Date, Financial Close Date, Initial Synchronization Date, and the Expected Commercial Operation Date.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF AVA COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The Chief Executive Officer, in consultation with staff and legal counsel, is hereby authorized to negotiate and execute a First Amendment to the Power Purchase Agreement with ESCA-PLD-TRACY9, LLC to amend the Expected Construction Start Date, Financial Close Date, Initial Synchronization Date, and the Expected Commercial Operation Date.

ADOPTED AND APPROVED this 18th day of February, 2026.

_____

Betsy Andersen, Chair

ATTEST:

_____

Adrian Bankhead, Clerk of the Board

RESOLUTION NO. R-2026-XX

A RESOLUTION OF THE BOARD OF DIRECTORS

OF AVA COMMUNITY ENERGY AUTHORITY AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO NEGOTIATE AND EXECUTE A FIRST AMENDMENT TO THE POWER PURCHASE AGREEMENT WITH ESCA-PLD-TRACY16, LLC

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ADOPTED AND APPROVED this 18th day of February, 2026.

Betsy Andersen, Chair

ATTEST:

Adrian Bankhead, Clerk of the Board

CEO Report Item 9

TO: Ava Community Energy Board of Directors

FROM: Howard Chang, Chief Executive Officer

SUBJECT: **CEO Report (Informational Item)**

DATE: February 18, 2026

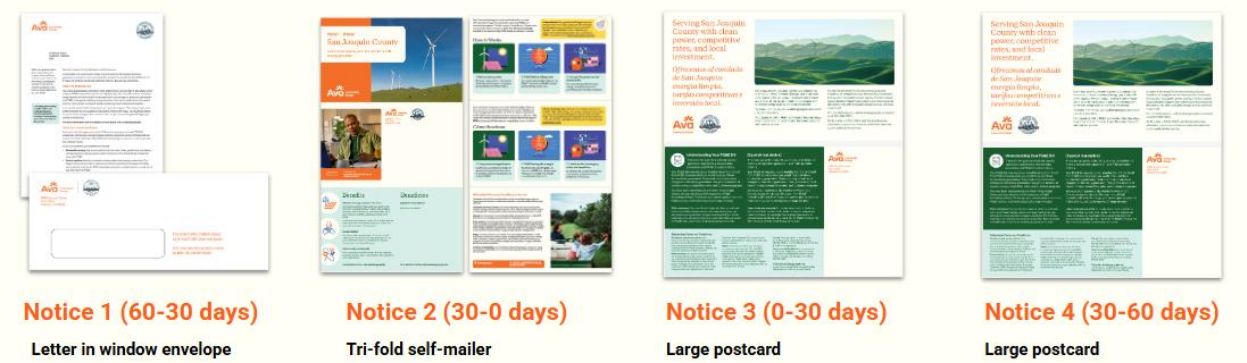
Recommendation
Accept Chief Executive Officer (CEO) report on update items below.

Executive Committee Meeting
The February 4, 2026 Executive Committee Meeting was canceled. The next Executive Committee meeting will be held on Wednesday, March 4, 2026 at 3pm.

Financial, Administrative and Procurement Subcommittee Meeting
A Financial, Administrative and Procurement Subcommittee Meeting was held on Wednesday, January 28, 2026. Members received a preview of the FY 2025-26 Mid-Year Budget Review and an overview of Contracts Entered Into. The next Financial, Administrative and Procurement Subcommittee meeting will be held on Wednesday, March 25, 2026 at 3:30pm.

Unincorporated San Joaquin County Enrollment
Ava will begin providing electricity generation service to unincorporated San Joaquin County's 60,000 customers starting in May 2026. Most customers will start service in May and will see Ava on their PG&E bill starting in June 2026. Customers with solar will be enrolled closer to their true-up date, with enrollment occurring throughout the year.

Ava is required by the California Public Utilities Commission (CPUC) to send a total of four customer notifications, two notifications prior to enrollment and two notifications following enrollment. Mailers will be sent via mail, and email, when available.



Images of notices that will be sent to new customers in unincorporated San Joaquin County, starting in March 2026

Marketing & Outreach
To further ensure that these new customers are aware that their electricity generation provider is changing, Ava's Marketing team will begin outreach at the **end of February**, starting with **digital ads** to raise awareness before notices go out. Additional marketing efforts during the enrollment period will include:

- Billboards, streaming TV, and print ads
- Targeted micro-campaigns to reach specific neighborhoods
- Community partnerships with municipal partners, agricultural and business organizations, and other trusted community leaders
- Social media, newsletters, and local press
- Webinars and in-person presentations

Ava in the Community - February
To raise awareness of our service, support our community, and stay close to our customers, Ava sponsors and staffs events throughout our service territory all year long. Stop by to say hello at any of these upcoming events between 02/18 and 03/18. Learn more at https://avaenergy.org/about-ava/meetings-events/events/

Date	Event	Location
3/14/26 - 3/15/26	Dublin St. Patrick's Day	Dublin
3/14/26	Oakland Roots vs New Mexico United	Oakland Coliseum

Evaluating the Drivers of PG&E's Electricity Rate Increases
California consistently ranks among the top three states with the highest residential electricity rates in the nation. Adjusted for inflation, PG&E's average electricity rate increased by approximately 49% from 2019 to 2024, followed by a decrease of 16% from 2024 to 2026. Rate increases drive household electricity bills higher, worsening affordability challenges for families already burdened by high housing, healthcare, and food costs. High rates also threaten the

state's clean energy transition by eroding the financial advantages customers receive from electrification.

Although rising rates are largely driven by the costs of adapting to climate impacts like extreme wildfires, rising electricity bills may make the public more receptive to claims blaming California's climate policies for high energy costs. This study makes clear that the largest driver of recent electricity cost, rate, and bill increases in California is responding to climate change (e.g., wildfire mitigation) rather than preempting it (e.g., clean energy procurement).

To investigate the drivers of rising electricity rates, Ava Community Energy analyzed PG&E costs and rates as published in state and federal regulatory filings. Read the full report for Ava's key findings and recommendations for helping to address the identified challenges. https://avaenergy.org/insight/report-evaluating-the-drivers-of-pge-electricity-rate-growth/

Local Development Update

Given the high number of local development activities and varied status of design, implementation, and operations, we will aim to provide a summary update of all programs and services on a quarterly basis via the CEO report. The purpose is to keep the Board appraised of Local Development Programs and activities at a summary level. Action items and deep dives will continue to be brought forth on an as needed basis.

Program Name	Status	Description	Key Metrics	Key Upcoming Dates
Planning				
Customer Programs Roadmap	On Hold	Define Ava's customer programs roadmap for 2027-2032	N/A	Ava evaluating options to progress the Roadmap
Transportation Electrification				
Ava Charge	Operational	Developing EV fast charging sites on City lots and garages across Ava's service territory with a focus on locating near multi-family dwellings	Oakland City Center West garage with 31 chargers is now in operation	Ava negotiating with developers currently under contract to deliver the next four Ava Charge projects
Ava SmartHome Charging	Operational	Program to shift home EV charging away from peak hours while helping customers lower their cost of home EV charging.	>2,700 EVs enrolled, Virtual Power Plant performance metrics are being met	Refining customer engagement and dispatch strategy to increase participation and optimize performance
Ava Bike Electric	Operational	Program to provide incentives for customers to purchase electric bikes, CARE customers receive higher incentives and 40% of allocated funds	over 19,000 applications received, 2,746 e-bikes purchased from 29 participating bike shops. CARE customers have redeemed 51% of rebates	Drawing on 4th Tuesday of each month.
Building Electrification				
Health-e Communities Pilot	Operational	Direct installation program to replace gas stoves with induction for CARE customers and complete indoor air quality monitoring to evaluate air quality impacts.	Installed 162 induction cooktops	Ava is reviewing the results of the pilot and will come back to the Board with a recommendation. Applications closed in September

Building Efficiency Accelerator	Operational	CPUC funded program to complete energy efficiency and building electrification projects on commercial and industrial customers, like LED lighting and heat pump water heaters	On target to reduce consumption by 12 GWh, 14 customers engaged in 100 unique projects	Program enrollment ends April 2026
SolarApp Heat Pump Water Heater (HPWH) permitting	Canceled	Contract with SolarApp to add heat pump water heaters to their online permitting application	SolarApp will deliver lessons learned from permitting departments, HPWH installers, and manufacturers on the value of expedited permitting	Contract cancelled do to Federal withdrawal of IRA funding and SolarApp needing to focus on core solar permitting business
Resilience				
Critical Municipal Facilities	In Development	Program to provide resilience on critical municipal sites. Eight projects across four cities will provide bill savings	Installing 258kW of PV and 1.34MWh of batteries generating 778,000 kWh of clean energy in year 1.	Permits received on target and construction started on first Livermore project. Ava is on target to achieve mechanical completion on NEM 2.0 projects by the April 15, 2026 deadline.
SmartHome Battery + Resilience Hubs	In Development	Program to provide $15M in upfront and ongoing incentives for residential solar and storage projects and community resilience hubs	Manage 21MW of solar paired batteries for residential and low income customers and community resilience hubs.	SmartHome Battery Program launch planned in March. Resilience Hub technical assistance launching in Q2 '26
Community Grants				
Community Grant Program	Operational	$7.05M budgeted for Community Grants to work with Community Based Organizations across four strategic focus areas	Award ~24 grants through 2033	Staff hosted Community Grants public workshop to solicit ideas for next round of community grants. Staff compiling results and will develop next round of grant RFPs for issuance in 2026 with community input

EV Charging	Operational	Both parties have identified multiple sites and are evaluating feasibility studies.	Two grants of $300k over 3 years Green the Church has installed their first project at Glad Tidings Church in Hayward	Interfaith Power and Light and Green the Church continue to work on identifying sites to build community-owned level 2 EV charging stalls.
Youth Training	Operational	Empowering young individuals through education and exposure to employment opportunities and hands-on training in clean energy technologies through partnerships with Rising Sun Center for Opportunity and AGAPE (a partnership between Cypress Mandela Training Center and Revalue.io)	Two grants of $300k over 3 years trained over 150 youth in electrification trades	Students are beginning to matriculate into the job market. Rising Sun is developing an online jobs platform to help graduates find work in the trades.
Community Resilience Hubs	Operational	Emerald Cities Collaborative	Grant of $300k over 1.5 years, completed three community workshops with over 170 participants and 26 unique community based organizations	ECC delivered first of three Community Workshops to engage potential Resilience Hub sites. Will continue outreach per the grant agreement

Staff Report Item 11

To:	Ava Community Energy Authority Board of Directors
From:	Howard Chang, CEO
Subject:	Mid-Year Budget Review
Date:	February 18, 2026

Recommendation

Receive the report informing Ava's Board of Directors (the "Board") of the mid-year budget performance for the 2025-26 fiscal year.

Analysis and Context

Every June, the Board approves the budget for the following fiscal year spanning from July 1st of that calendar year through June 30th of the following calendar year. Staff internally reviews budget performance regularly during the fiscal year and presents an update of these results to the Board at the mid-year mark.

Ava's accounting generally requires about 45 days to close the preceding period to ensure all revenues and expenses are captured accurately. As such, the close of December 31st is typically mid-February. Presenting the mid-year analysis in February allows a more accurate presentation on the half-year performance.

The mid-year report presented covers the closed months of July through December 2025 actuals, and updated projections for the second half of the fiscal year: January through June 2026. Below is a concise high-level summary of our year-to-date financial performance.

Revenues

Revenues from sales are expected to come in approximately $42MM above budget for the fiscal year due to moving forward the timeline to incorporate San Juaquin County from November 2026 to May and Board approved changes to the value proposition in calendar year 2026. These changes improved revenues by $7.8MM and eliminated the need to use the budgeted $35 million from the Rate Stabilization Fund (RSF).

Cost of Energy
Total cost of energy is down by about $19.3MM driven predominately by favorable energy market conditions and reduction in renewable targets for 2026

Overhead
Total overhead expenses are expected to be down by about $3.5MM due primarily to a more measured approach in filling vacant positions throughout the year.

Non-Operating Activity
Total annual net non-operating activity is expected to be about $13.9MM above budget due to “higher for longer” interest rates on invested capital and reductions to Local Development

Net Revenues
Total annual net revenue is expected to be $44.5MM above budget without the utilization of RSF.

Ava Community Energy	FY 2026 BUDGET FY 2026	FY 2026 ACTUAL FY 2026	FY 2026 Delta	FY 2026 %D
Revenue & Other Sources				
Electricity Sales	869,170,000	911,190,000	42,020,000	4.8%
Uncollectables	(8,692,000)	(9,111,000)	(419,000)	4.8%
Other Operating Revenue	0	1,525,000	1,525,000	0.0%
GASB 62	35,327,000	0	(35,327,000)	-100.0%
Total Operating Revenue	**895,805,000**	**903,604,000**	7,799,000	0.9%
Energy Operations				
Cost of Energy	836,970,000	817,671,000	(19,299,000)	-2.3%
Cost of Energy Services	14,056,000	14,122,000	66,000	0.5%
Total Energy Expenses	**851,026,000**	**831,793,000**	(19,233,000)	-2.3%
Overhead Expenses				
Personnel	29,639,000	26,093,000	(3,546,000)	-12.0%
Marketing & Communication	3,875,000	3,875,000	0	0.0%
Legal, Policy, & Regulatory Affairs	4,247,000	4,247,000	0	0.0%
Other Professional Services	3,515,000	3,515,000	0	0.0%
General & Administrative	7,091,000	7,091,000	0	0.0%
Total Overhead Expenses	48,367,000	44,821,000	(3,546,000)	-7.3%
Total Operating Expenses	**899,393,000**	**876,614,000**	(22,779,000)	-2.5%
Non-Operating Revenue				
Interest Income	15,066,000	19,118,000	4,052,000	26.9%
Grants	0	0	0	0.0%
Other Non-Operating Revenue	49,000	50,000	1,000	2.0%
Total Non-Operating Revenue	15,115,000	19,168,000	4,053,000	26.8%
Non-Operating Expenses				
Local Development Funding	10,190,000	190,000	(10,000,000)	-98.1%
Borrowing Interest	1,087,000	955,000	(132,000)	-12.1%
Capital Expenditures	250,000	524,000	274,000	109.6%
Total Non-Operating Expenses	11,527,000	1,669,000	(9,858,000)	-85.5%
NET NON-OPERATING REVENUES	**3,588,000**	**17,499,000**	13,911,000	387.7%
TOTAL NET REVENUES	**0**	**44,489,000**	44,489,000	0.0%

Attachment

A. Power Point Presentation to Board

Attachment Staff Report Item 11A

Ava Community Energy

Fiscal Year 2025-26 Mid-Year Budget to Actuals Review

Board of Directors

Howard Chang | February 18, 2026

Introduction

- Every June, Ava's Board of Directors (the "Board") approves spending for the following fiscal year spanning from July 1st through June 30th of the following year.
- Staff reviews budget performance internally regularly and presents these results to the Board at, or about, the mid-year mark.
- Ava's accounting cycle generally requires about 45 days to close a period to ensure all revenues and expenses are captured accurately. Thus, the close of December 31st is typically mid-February.
- Presenting the mid-year analysis in February allows a more accurate presentation on the true half year performance.
- The mid-year report presented today covers the closed months of July through December, and updated projections for the second half of the fiscal year—January through June. **These updated values will collectively be referred to as "updates"**
- This mid-year budget update incorporates more substantive updates from a typical year due to significant rate changes and following the board actions taken in December 2025

Ava Historical and 2026 Residential Generation Rates

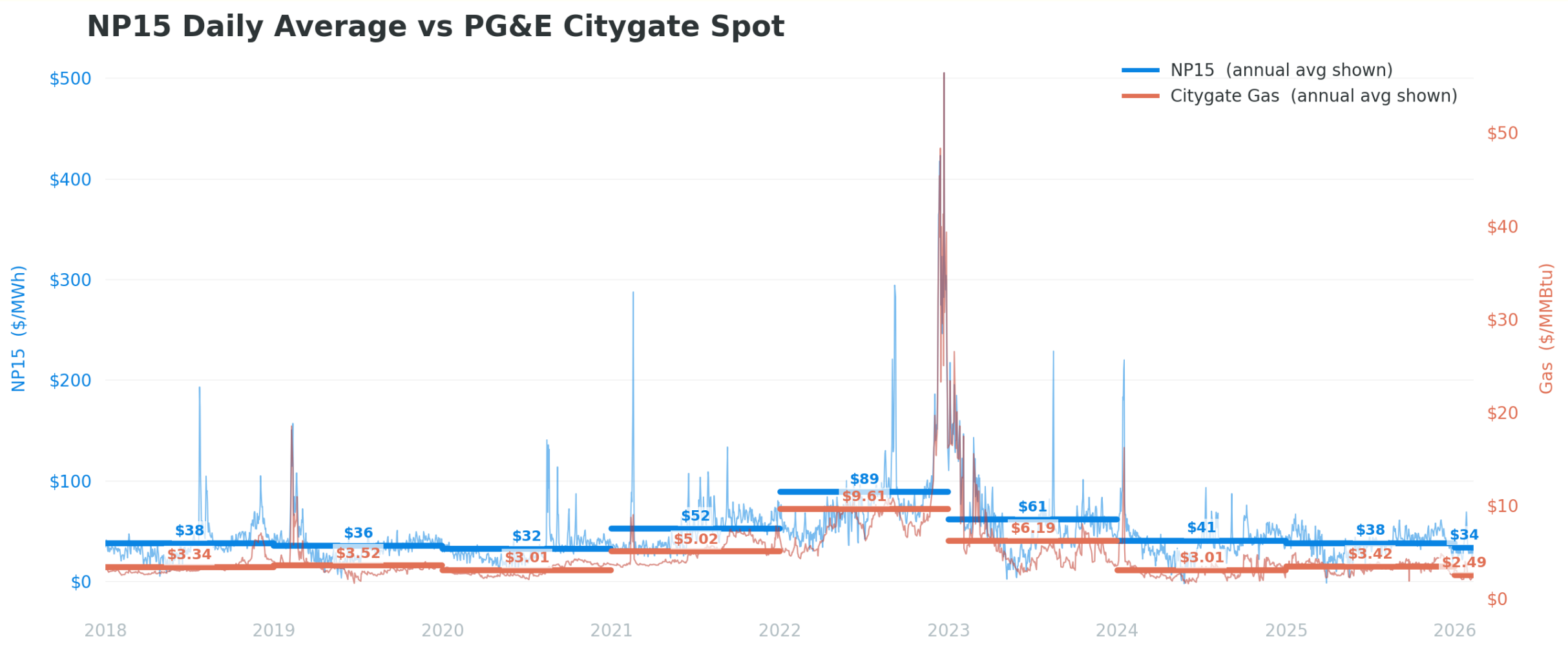
Note: All data on this slide reflects 2018 PCIA vintage TOU-C (Ava's most common residential rate)

- PG&E's final Annual Energy True-up (AET) was released on December 31st, which finalized 2026 rates
  - Avg 2026 rates in the AET were higher than the ERRA by ~12%
  - Relative to the Oct ERRA, this results in a 1.3 cent increase in Bright Choice customer rates with 0.7 cents from rates and 0.6 cents in PCIA
- Ava reduced 2026 Bright Choice generation rates by 42% (exclusive of PCIA) and 20% (inclusive of PCIA)
  - The Dec update reflected a 29% reduction (inclusive of PCIA)
- For Renewable 100 , 2026 generation rates are reduced by 34% (exclusive of PCIA) and 14% (inclusive of PCIA)
  - The Dec update reflected a 21% reduction (inclusive of PCIA)
- Average TOU-C residential Bright Choice customer bill is ~ $10 less per month compared to 2025
- Average TOU-C residential Renewable 100 customer bill is ~ $8 less per month compared to 2025

2026 Forward Energy Market Volatility

- The graph shows the forward price for full calendar year 2026 at the NP15 node over the past 5 years. NP15 is a close proxy to PG&E DLAP. Prices have been highly volatile for the past 5 years, reaching a peak in 2023 and have since steadily softened.

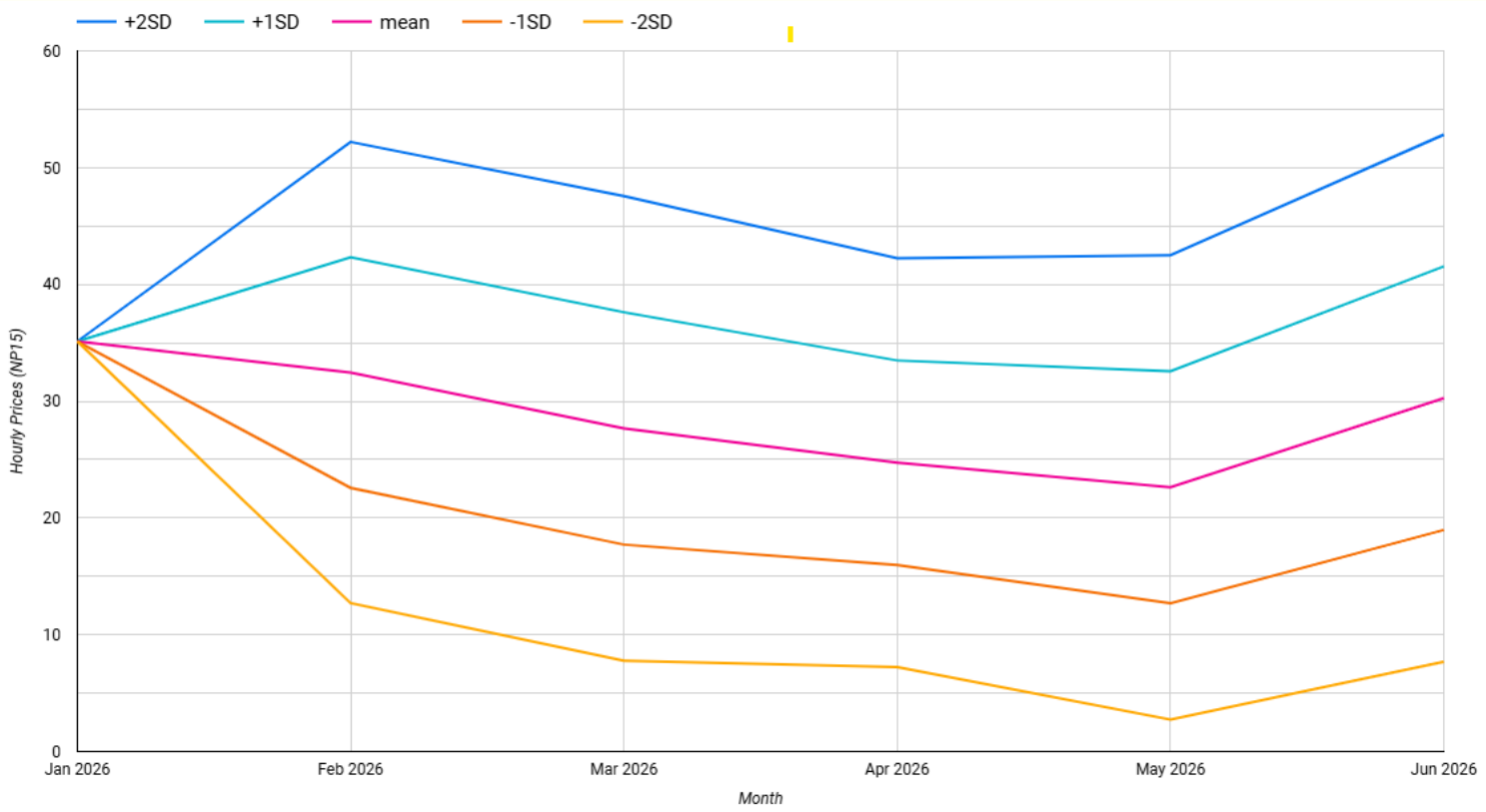
Historical Energy Market Volatility



- The graph to the right shows historical daily NP15 energy and PG&E Citygate natural gas hub prices.

Price Volatility—Impact on Market Prices to Fiscal Year Outcomes

Chart shows expected market prices (mean) and +/-1 and +/-2 standard deviation moves by calendar month



- Historically, March through May are low price volatility months
- Stressed price scenarios are for February through June
- +/-1 SD move across the 6-month period results in a $12.7MM increase/decrease in energy costs
- +/-2 SD move across the 6-month period results in a $25.1MM increase/decrease to energy costs

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Personnel	29,639,000	26,093,000	(3,546,000)	-12.0%
Marketing & Communication	3,875,000	3,875,000	0	0.0%
Legal, Policy, & Regulatory Affairs	4,247,000	4,247,000	0	0.0%
Other Professional Services	3,515,000	3,515,000	0	0.0%
General & Administrative	7,091,000	7,091,000	0	0.0%
Total Overhead Expenses	48,367,000	44,821,000	(3,546,000)	-7.3%
Total Operating Expenses	**899,393,000**	**876,614,000**	(22,779,000)	-2.5%
Non-Operating Revenue				
Interest Income	15,066,000	19,118,000	4,052,000	26.9%
Grants	0	0	0	0.0%
Other Non-Operating Revenue	49,000	50,000	1,000	2.0%
Total Non-Operating Revenue	15,115,000	19,168,000	4,053,000	26.8%
Non-Operating Expenses				
Local Development Funding	10,190,000	190,000	(10,000,000)	-98.1%
Borrowing Interest	1,087,000	955,000	(132,000)	-12.1%
Capital Expenditures	250,000	524,000	274,000	109.6%
Total Non-Operating Expenses	11,527,000	1,669,000	(9,858,000)	-85.5%
NET NON-OPERATING REVENUES	**3,588,000**	**17,499,000**	13,911,000	387.7%
TOTAL NET REVENUES	**0**	**44,489,000**	44,489,000	0.0%

Ava Community Energy
Fiscal Year 2025-2026 Mid-Year Budget Update

- Expecting increase in operating revenue by $7.8MM
  - Operating Revenue increases by $42MM without use of Rate Stabilization Fund (GASB 62)
- Cost of Energy expected to improve by $19.2MM based on favorable energy market conditions
- Overhead expenses forecasted to be reduced by $3.5MM
- Non-Operating activity is expected to add an addition $13.9MM to net revenues
- Net Revenues are projected to be positive by about $44.5MM
  - Net Revenue increases by $79.8MM without use of Rate Stabilization Fund (GASB 62)

The following slides provide more detail on these changes

Ava Community Energy	FY 2026 BUDGET JUL-DEC	FY 2026 ACTUAL JUL-DEC	FY 2026 Delta	FY 2026 %D
Revenue & Other Sources	**BUDGET**	**ACTUAL**	*Delta*	*%D*
Electricity Sales	631,109,000	593,422,000	(37,687,000)	-6.0%
Uncollectables	(6,311,000)	(5,934,000)	377,000	-6.0%
Other Operating Revenue	0	1,525,000	1,525,000	0.0%
GASB 62	0	0	0	0.0%
Total Operating Revenue	**624,798,000**	**589,013,000**	(35,785,000)	-5.7%
Price Stress				
Energy Operations				
Cost of Energy	460,972,000	437,546,000	(23,426,000)	-5.1%
Cost of Energy Services	6,849,000	6,978,000	129,000	1.9%
Total Energy Expenses	**467,821,000**	**444,524,000**	**(23,297,000)**	**-5.0%**
Overhead Expenses				
Personnel	14,820,000	11,783,000	(3,037,000)	-20.5%
Marketing & Communication	1,938,000	926,000	(1,012,000)	-52.2%
Legal, Policy, & Regulatory Affairs	2,124,000	1,420,000	(704,000)	-33.1%
Other Professional Services	1,758,000	1,013,000	(745,000)	-42.4%
General & Administrative	3,546,000	2,781,000	(765,000)	-21.6%
Total Overhead Expenses	24,186,000	17,923,000	(6,263,000)	-25.9%
Total Operating Expenses	**492,007,000**	**462,447,000**	**(29,560,000)**	**-6.0%**
NET OPERATING REVENUES	**132,791,000**	**126,566,000**	**(6,225,000)**	**-4.7%**
Non-Operating Revenue				
Interest Income	6,738,000	13,097,000	6,359,000	94.4%
Grants	0	0	0	0.0%
Other Non-Operating Revenue	24,000	26,000	2,000	8.3%
Total Non-Operating Revenue	6,762,000	13,123,000	6,361,000	94.1%
Non-Operating Expenses				
Local Development Funding	5,094,000	94,000	(5,000,000)	-98.2%
Borrowing Interest	511,000	429,000	(82,000)	-16.0%
Capital Expenditures	250,000	524,000	274,000	109.6%
Total Non-Operating Expenses	5,855,000	1,047,000	(4,808,000)	-82.1%
NET NON-OPERATING REVENUES	**907,000**	**12,076,000**	**11,169,000**	**1231.4%**
TOTAL NET REVENUES	**133,698,000**	**138,642,000**	**4,944,000**	**3.7%**

First Half FY2026 Budget to Actuals

- Revenues from sales were $37.7MM under budget driven by lower load resulting from milder than expected weather
- Cost of Energy was $23.4MM under budget driven by lower load/lower energy prices, higher than forecasted RA sales, and higher than forecasted large hydro production. This was partially offset by higher REC costs from higher than expected market price benchmarks.
- Overhead expenses are $6.3MM below budget due to cost reductions, deferred hiring, and deferred functional area costs
- Non-Operating activity increased net revenues by $11.2MM from higher interest rates on investments and reduced Local Development funding from the December Board decision
- Net revenues were $5MM above expected budget

Ava Community Energy	FY 2026 BUDGET JAN-JUN	FY 2026 UPDATE JAN-JUN	FY 2026 Delta	FY 2026 %D
Revenue & Other Sources				
Electricity Sales	238,061,000	317,768,000	79,707,000	33.5%
Uncollectables	(2,381,000)	(3,177,000)	(796,000)	33.4%
Other Operating Revenue	0	0	0	0.0%
GASB 62	35,327,000	0	(35,327,000)	-100.0%
Total Operating Revenue	**271,007,000**	**314,591,000**	43,584,000	16.1%
Price Stress				
Energy Operations				
Cost of Energy	375,998,000	380,125,000	4,127,000	1.1%
Cost of Energy Services	7,207,000	7,144,000	(63,000)	-0.9%
Total Energy Expenses	**383,205,000**	**387,269,000**	4,064,000	1.1%
Overhead Expenses				
Personnel	14,819,000	14,310,000	(509,000)	-3.4%
Marketing & Communication	1,937,000	2,949,000	1,012,000	52.2%
Legal, Policy, & Regulatory Affairs	2,123,000	2,827,000	704,000	33.2%
Other Professional Services	1,757,000	2,502,000	745,000	42.4%
General & Administrative	3,545,000	4,310,000	765,000	21.6%
Total Overhead Expenses	24,181,000	26,898,000	2,717,000	11.2%
Total Operating Expenses	**407,386,000**	**414,167,000**	6,781,000	1.7%
Non-Operating Revenue				
Interest Income	8,328,000	6,021,000	(2,307,000)	-27.7%
Grants	0	0	0	0.0%
Other Non-Operating Revenue	25,000	24,000	(1,000)	-4.0%
Total Non-Operating Revenue	8,353,000	6,045,000	(2,308,000)	-27.6%
Non-Operating Expenses				
Local Development Funding	5,096,000	96,000	(5,000,000)	-98.1%
Borrowing Interest	576,000	526,000	(50,000)	-8.7%
Capital Expenditures	0	0	0	0.0%
Total Non-Operating Expenses	5,672,000	622,000	(5,050,000)	-89.0%
NET NON-OPERATING REVENUES	**2,681,000**	**5,423,000**	2,742,000	102.3%
TOTAL NET REVENUES	**(133,698,000)**	**(94,153,000)**	39,545,000	-29.6%

Second Half FY2026 Original Budget to Updated Budget

- Revenues from electricity sales is forecasted to increase by $43.6MM driven by changes in value proposition, higher than forecasted 2026 rates, and SJ County enrollment in May
  - Operating Revenue increases by $79.7MM when excluding RSF (GASB62)
- Cost of Energy is forecasted to increase by $4MM relative to budget driven by higher REC costs due to increased market price benchmarks and partially offset by lower energy costs
- In Overhead, continued savings from deferred hiring for open positions while deferred costs from the first half in other functional areas are back half weighted
- Non-Operating activity is expected to add about $2.7MM due to reduced Local Development Funding offset by reduced expected interest income
- Net Revenues are expected to increase by $39.5MM from the original budget
  - Net Revenues increase by $74.9MM without use of RSF GASB62

Ava Community Energy	From Dec Deck CY 2026 JUL-DEC	CY 2026 UPDATE JUL-DEC	From Dec Deck Jul-Dec Delta	Jul-Dec %D
Revenue & Other Sources				
Electricity Sales	354,146,000	428,074,000	73,928,000	20.9%
Uncollectables	(3,541,000)	(4,281,000)	(740,000)	20.9%
Other Operating Revenue	0	0	0	0.0%
GASB 62	0	0	0	0.0%
Total Operating Revenue	**350,605,000**	**423,793,000**	**73,188,000**	20.9%
Price Stress				
Energy Operations				
Cost of Energy	526,093,000	483,668,000	(42,425,000)	-8.1%
Cost of Energy Services	7,453,000	7,455,000	2,000	0.0%
Total Energy Expenses	**533,546,000**	**491,123,000**	**(42,423,000)**	-8.0%
Overhead Expenses				
Personnel	15,560,000	15,560,000	0	0.0%
Marketing & Communication	1,984,000	1,984,000	0	0.0%
Legal, Policy, & Regulatory Affairs	2,175,000	2,175,000	0	0.0%
Other Professional Services	1,803,000	1,803,000	0	0.0%
General & Administrative	3,636,000	3,636,000	0	0.0%
Total Overhead Expenses	25,158,000	25,158,000	0	0.0%
Total Operating Expenses	**558,704,000**	**516,281,000**	**(42,423,000)**	-7.6%
Non-Operating Revenue				
Interest Income	7,434,000	5,686,000	(1,748,000)	-23.5%
Grants	0	0	0	0.0%
Other Non-Operating Revenue	25,000	25,000	0	0.0%
Total Non-Operating Revenue	7,459,000	5,711,000	(1,748,000)	-23.4%
Non-Operating Expenses				
Local Development Funding	0	0	0	0.0%
Borrowing Interest	660,000	736,000	76,000	11.5%
Capital Expenditures	0	60,000	60,000	0.0%
Total Non-Operating Expenses	660,000	796,000	136,000	20.6%
NET NON-OPERATING REVENUES	**6,799,000**	**4,915,000**	**(1,884,000)**	-27.7%
TOTAL NET REVENUES	**(201,300,000)**	**(87,573,000)**	**113,727,000**	-56.5%

Second Half Calendar 2026 Dec BOD to Updated

- Revenues from electricity sales is forecasted to increase by $73.9MM driven by changes in value proposition and higher than December estimated 2026 rates
- Cost of Energy is forecasted to decrease by $42.4MM driven by $14.3MM in lower energy prices, $11MM additional sales of RA length, and $17MM reduced REC costs due to Board action and lower market prices
- No expected changes in Overhead
- Non-Operating Income reduced by expected changes in interest rates
- Non-Operating Expenses includes reduced Local Development Funding
- Net Revenues are expected to increase by $114MM from December estimates, but still retains a structural deficit of $87.5MM

Ava Community Energy	CY 2027 BUDGET CY 2027
Revenue & Other Sources	
Electricity Sales	886,767,000
Uncollectables	(8,867,000)
Other Operating Revenue	0
GASB 62	10,505,000
Total Operating Revenue	**888,405,000**
Energy Operations	
Cost of Energy	871,531,000
Cost of Energy Services	14,979,000
Total Energy Expenses	**886,510,000**
Overhead Expenses	
Personnel	30,678,000
Marketing & Communication	4,014,000
Legal, Policy, & Regulatory Affairs	4,386,000
Other Professional Services	3,654,000
General & Administrative	7,380,000
Total Overhead Expenses	50,112,000
Total Operating Expenses	**936,622,000**
Non-Operating Revenue	
Interest Income	10,744,000
Grants	0
Other Non-Operating Revenue	48,000
Total Non-Operating Revenue	10,792,000
Non-Operating Expenses	
Local Development Funding	0
Borrowing Interest	1,472,000
Capital Expenditures	120,000
Total Non-Operating Expenses	1,592,000
NET NON-OPERATING REVENUES	**9,200,000**
TOTAL NET REVENUES	**(39,017,000)**

Calendar 2027 Preliminary Forecast

- This forecast is indicative and not board approved
- Maintains the adjusted value proposition of 0.5% discount on BC and 1¾ ¢ on R100 and has $0 of incremental local development funding
- Relative to the December Board update, the Net Revenues are reduced by ~$100MM when accounting for the value proposition adjustments
- This forecast does not include any changes that may occur resulting from PCIA Track 2 or 3
  - The CPUC initiated Track 2 in early 2026

Impact to RSF	In $MM's
Current RSF Balance	162.5
2nd Half CY 2026 Shortfall	-87.6
CY 2027 Projected Shortfall	-39.0
RSF Balance	35.9
FY 2026 Projected Surplus	44.5

- The RSF balance is forecasted to be higher relative to the December forecast driven by board actions, higher rates, and lower forecasted energy costs
  - This is partially offset by lower net revenues in 2027
- Staff will continue to update projections going into the May/June budget setting process for FY 2026-27
- FY 2025-26 results will be discussed with the financial audit in fall 2026

Staff Report Item 12

To:	Ava Community Energy Authority
From:	Arielle Romero Cox, Director of Strategic Load
Subject	Overview of large electric load growth trends and implications for Ava Community Energy
Date:	February 18, 2026

Summary/Recommendation

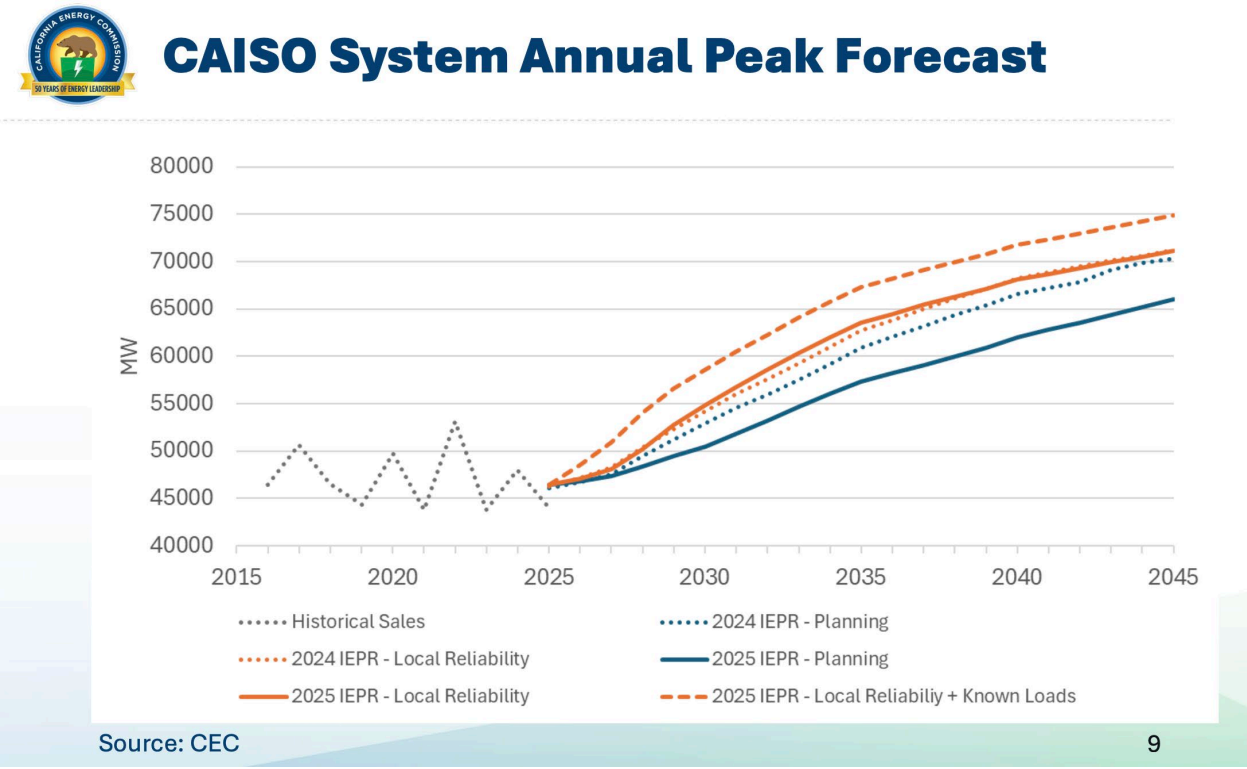
This item is informational only and no action is required.

This Staff Report provides an overview of forecasted large electric load growth driven particularly from electric vehicles and data centers. These trends may have long-term implications for Ava's procurement, rates, and reliability planning.

Analysis and Context

Statewide Load Growth: A Shift from Historic Trends

After nearly two decades of relatively flat electricity demand, California is entering a period of sustained load growth. Megawatts (MW) are a standard unit for measuring electricity power. On January 21, 2026, the California Energy Commission (CEC) adopted the California Energy Demand Forecast, 2025-2045. The CEC forecast predicts a significant rise in the State's peak electricity demand by 2045, potentially increasing by 42% (to 66,000 MW low estimate), 53% (69,000 MW mid estimate), up to 61% (74,900 MW high estimate), driven by increases in electric vehicles, data centers, and building electrification (fuel shifting). This represents a structural shift in California's electricity system and planning assumptions, with implications for generation procurement, grid infrastructure, and cost allocation.



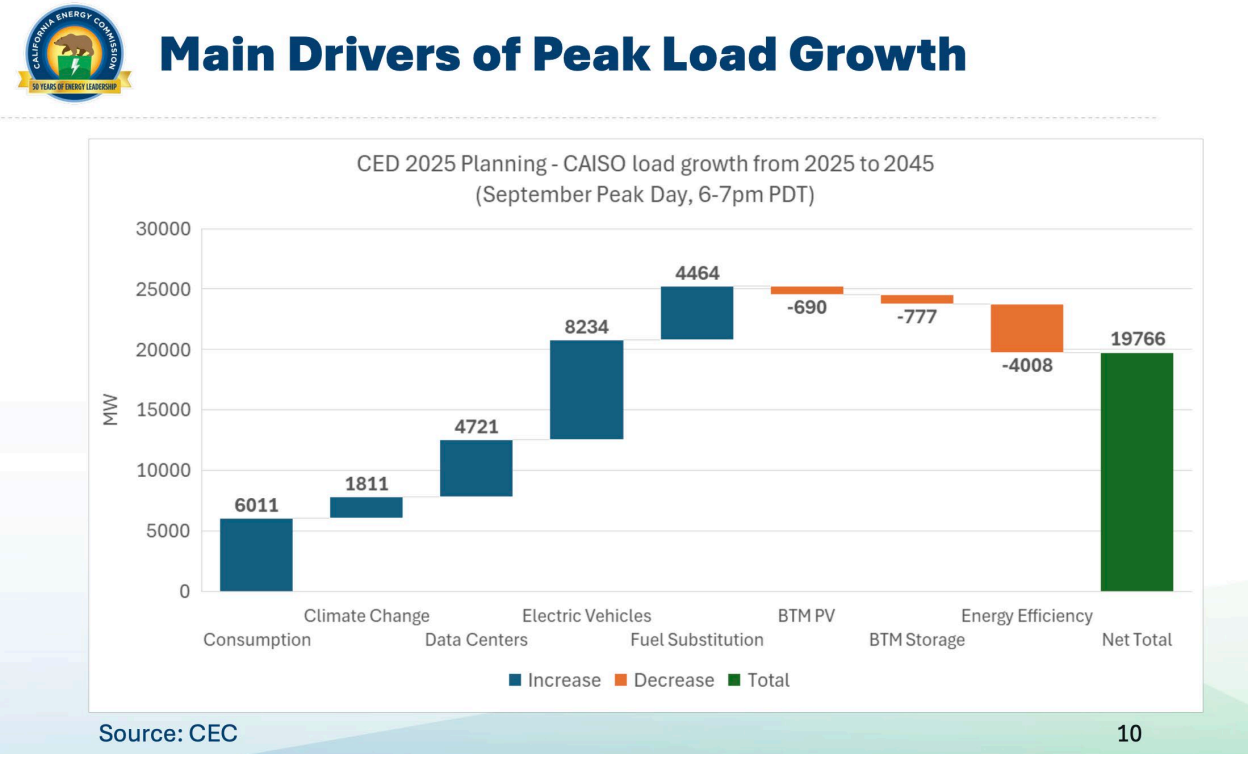
Primary Drivers of Demand Growth in California

The Integrated Energy Policy Report (IEPR), by the CEC, and related analyses indicate that load growth is not evenly distributed across end uses. The CEC's 2025 IEPR identifies three primary drivers of future peak demand growth within the CAISO system: electric vehicles adding approximately 8,234 MW, baseline consumption growth driven by economic and demographic trends adding 6,011 MW, and data centers adding 4,721 MW between 2025 and 2045. While this growth is distributed statewide and will not be evenly realized across service territories, the combined scale of EV and data center–driven peak demand alone (nearly 13,000 MW) is more than seven times Ava's 2025 system peak of 1,657 MW. Other Loads: Industrial electrification and hydrogen production contribute comparatively less to total demand growth in the IEPR forecast, particularly within the next 10–15 years.

It is important to distinguish between peak load and total annual energy demand, as each affects planning and cost outcomes in different ways. Peak load reflects the system's maximum instantaneous demand and drives infrastructure sizing, resource adequacy, and capacity procurement, while total annual demand reflects cumulative energy consumption over time and drives overall power procurement costs. A useful analogy is a highway system. Think of peak load as the number of freeway lanes needed during rush hour, whereas total annual demand reflects the total volume of traffic using the freeway throughout the year. For example, electric load from an electric vehicle charging hub would increase "rush-hour" demand due to concentrated charging behavior, while data centers operate more like freight traffic running continuously, contributing more to total energy consumption. As a result, data centers can have

an outsized impact on Ava's long-term procurement requirements and rate design, even when their contribution to peak demand is smaller than that of EVs.

This concentration of growth among a small number of load types heightens planning risk if forecasts do not align with actual project development timelines.



Why is Data Center Growth Accelerating in California?

Data center growth in California, particularly in urban regions like Ava's service territory, is being driven by several factors:

Proximity to Major Population and Technology Hubs: Ava's service area sits within one of the largest population and economic centers in the state, where demand for latency-sensitive applications such as AI, cloud computing, streaming, healthcare, and public-sector services is concentrated. Proximity to end users and technology firms improves performance and supports advanced digital workloads.

Strong Grid Connectivity and Clean Energy Access: The region benefits from established transmission infrastructure and access to clean energy resources, which are increasingly critical site-selection requirements for data center developers and tenants with reliability and decarbonization commitments.

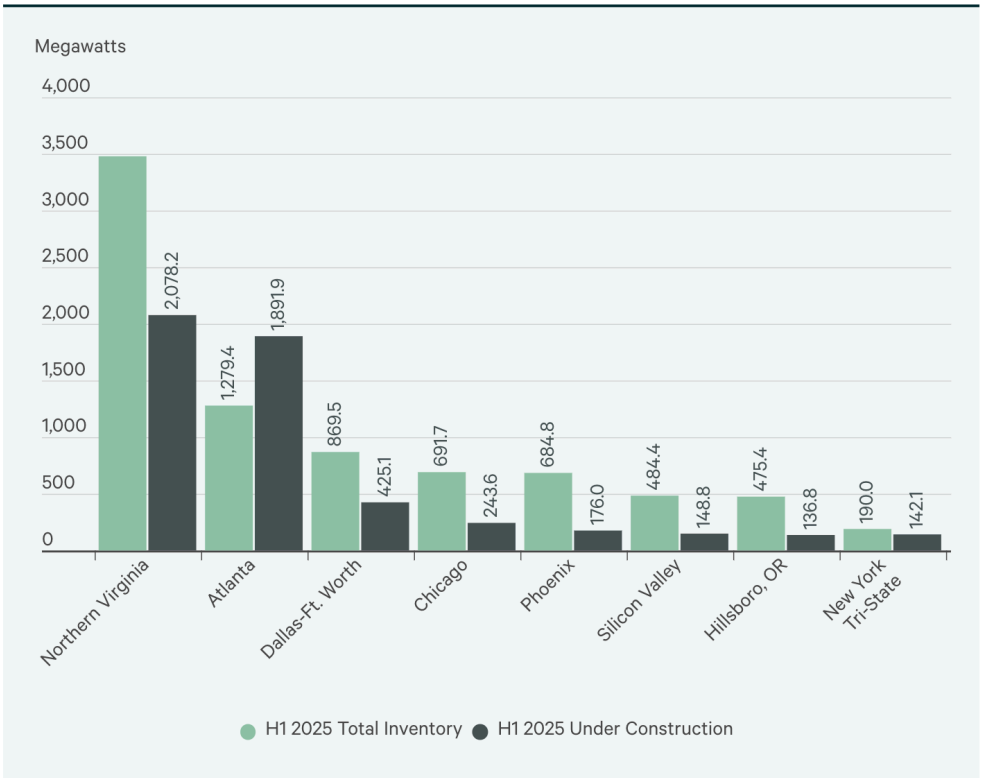
Capital and Market Dynamics: Continued growth in AI and cloud services, combined with strong investor interest, is driving development in locations that offer long-term market stability and high-value demand, even where power and land costs are higher than in other states.

California Relative to Other U.S. States

California is a high-cost data center market in the U.S. It does not compete directly with states such as Virginia, Texas, or Arizona on power prices or land costs. New data centers outside California are getting significantly larger, with average sizes shifting from historical 30-50 MW to current major projects often hitting 100-200 MW+ per building, and many major new developments targeting 500 MW to over 1 GW (1000 MW) of total capacity, especially in markets like Northern Virginia, Dallas-Fort Worth, and Phoenix, driven by AI demand.

- Northern Virginia dominates hyperscale data center development due to low-cost power, favorable tax treatment, and proximity to federal government workloads.
- Texas and Arizona are experiencing rapid growth due to inexpensive land, fast permitting, and lower electricity costs.

Total Inventory vs. Under Construction by Primary Market, H1 2025



Source: CBRE Research, CBRE Data Center Solutions, H1 2025.

Potential Scale Within Ava's Service Territory

In California, data center development has been concentrated in Santa Clara and Los Angeles, due to proximity to fast fiber-optic connections and lower electricity rates served by those cities' municipal utilities. More recently, Pacific Gas & Electric has received a surge of requests for service to new data centers. Based on independent market analysis, Ava's total addressable

data center market is expected to reach 530 MW–770 MW peak demand by 2030, which represents roughly 11–16% of the CEC's 2025 IEPR–forecasted *statewide* data center peak growth of approximately 4,721 MW between 2025 and 2045. While not all forecasted statewide growth will materialize in specific service territories, this potential share reflects strong demand conditions in and around the San Francisco Bay Area and Silicon Valley, where developers continue to pursue new capacity despite grid and land constraints. Silicon Valley remains one of the nation's most active markets, with notable strategic developments underway such as the City of San José–PG&E Transmission Agreement to deliver up to 2,000 MW of new transmission capacity and Silicon Valley Power's (City of Santa Clara) $459 Million+ System Expansion Program to double electric load capacity to 1,300 MW in 5-10 years. These local trends underscore why even a modest share of statewide data center growth in Ava's territory could be meaningful for planning and procurement.

Most new data centers seeking to build in California are sized between 50–99 MW.
While not all announced or proposed projects materialize, the existing proposed data center project pipeline in Ava's service territory of 198+ MW indicates that Ava's service area is an attractive region for future large-load development. One megawatt of data center capacity running at an 80% load consumes enough electricity to power approximately 1,300 average homes in Oakland for a full year.

Types of Data Centers
There are four key data center types that differ by their scale and ownership models.

Edge data centers provide real-time data processing - in applications such as autonomous vehicles, streaming services, and gaming - and are located close to end-users to minimize latency (a measure of how quickly data can be transmitted and processed). Typical size <1 MW.

Enterprise data centers are owned, operated, and maintained by a single company, and are designed specifically to support the specific IT needs of the owner's organization. They are typically located at an existing company site and perform tasks such as storage of sensitive data and hosting internal applications. Typical size 1-5 MW.

Colocation data centers are facilities owned and operated by a single company, and lease physical space to multiple tenant companies for housing their own IT infrastructure. These facilities are typically located in areas with access to multiple communications providers and robust connectivity options, offering redundancy and flexibility for customers. Typical size 5-20 MW.

Hyperscale cloud data centers are large-scale facilities designed, built, and operated by a single organization to support uses such as AI model training and running of cloud computing platforms (e.g. Google Cloud). Sites are typically in locations with access to low-cost power, affordable land, and strong network connectivity. Typical size 20-100+ MW.

Managing the Large-Load Development Pipeline

Ava does not control land use approvals or electric interconnections; those functions are led by local jurisdictions and PG&E, respectively. However, the timing, scale, and certainty of large-load development directly affect Ava's generation procurement, resource adequacy, and rate-setting responsibilities. As a result, Ava has a strong interest in early visibility into potential large-load projects, even though it does not approve or construct them.

In November 21, 2024, PG&E filed an application at the CPUC to establish a streamlined approach for energizing new transmission-level retail customers called Electric Rule 30. While the application is broad in its definition of "large load customers" that would apply for service under this tariff, the California Public Advocates Office (PAO) notes 75% of PG&E customer requests to interconnect at the transmission level in the last two years are from data centers[1]. The Electric Rule 30 proposal is solely focused on the energization costs, not a unique large load rate. Under the proposed Rule 30, large load customers are required to pay upfront the cost of new interconnection facilities, or the customer can build the facilities themselves and transfer ownership to PG&E, if more cost-effective. Costs for upgrades on the existing transmission system would be paid by ratepayers. PG&E states this is due to these facility upgrades benefitting multiple customers as well as advancing California policy initiatives such as electrification. Rules 30 also includes information sharing provisions to facilitate community choice aggregators (CCAs) and PG&E having early notice of potential large load customers and being able to make cost effective generation resource decisions.

To better align planning assumptions with real-world outcomes, Ava will execute a multi-pronged large load customer engagement approach, including:

- Direct engagement with developers early in the project lifecycle to understand project maturity, timing, and likelihood of completion.
- Coordination with city and county planning and economic development staff, who have visibility into zoning, permitting, and development priorities.
- Ongoing information sharing with PG&E regarding interconnection activity, infrastructure constraints, and expected energization timelines.

Through this approach, Ava seeks to ground its load forecasts and procurement planning in qualified, credible project information rather than preliminary or speculative requests, reducing the risk of misaligned energy procurement or rate design. Board awareness and engagement at the local level can help reinforce these partnerships and ensure Ava is positioned as a trusted technical resource for member agencies as they consider large-load development opportunities.

Ratepayer Protection and Clarifying Utility Roles

Community concerns related to data centers and other large loads often focus on potential

[1] Pg. 2, "PAO Opening Brief," A. 24-11-007, filed October 24, 2025.

impacts on electricity rates and environmental outcomes. These concerns arise in the context of rising statewide electric rates, which are driven largely by delivery-related costs specifically wildfire mitigation, infrastructure hardening, and legacy investments administered by PG&E as the electric distribution utility. Despite being one of the top data center markets in the country, California has not seen an increase in electricity rates due to data center growth, according to the California Public Utilities Commission (CPUC)[2].

PG&E is responsible for delivering electricity, including operating and maintaining poles, wires, substations, and interconnections, while Ava is responsible for procuring electricity and related commodities on behalf of customers. Ava does not control delivery rates or infrastructure investment decisions, but it does control how electricity is procured and ratemaking for generation.

As Ava evaluates future approaches to serving large-load customers, a core guiding principle will be ensuring that the costs and risks associated with substantial energy consumption, particularly generation and procurement-related costs are borne by the customers driving that load, rather than being shifted to residential and small business customers. This principle aligns with Ava's dual objectives of maintaining rate stability while supporting responsible economic development within its service territory.

Benefits for Ava and Its Member Communities

When managed with appropriate safeguards, large electric loads may present strategic opportunities for Ava and its member communities. Incremental, creditworthy load growth can help spread fixed administrative and program costs over a larger sales base and, in some cases, support long-term clean energy procurement at greater scale provided that the costs and risks associated with that load are fully borne by the customers driving it. Large loads can also enable investments in new clean resources and grid infrastructure that support statewide decarbonization goals, and the digital services relied upon by residents, businesses, and public agencies. Ava's interest at this stage is not to promote or discourage any specific development, but to ensure that future decisions protect existing customers while responsibly managing growth within its service territory. Ava's staff want to work with our member cities/counties to understand how they view data centers and whether they want to attract such development.

In addition to grid impacts, large data center developments are often associated with meaningful economic activity at both the state and local levels. PG&E has cited estimates indicating that each 1 gigawatt of new data center load could support approximately 5,000 construction jobs, 500 permanent technology jobs, more than 11,000 construction-related support jobs, and nearly 3,000 permanent associated jobs, while also generating billions in annual statewide economic

[2] Utilities and Energy: Joint Oversight Hearing on AI's Energy Impacts Background Report 1.28.2026

activity, including $125–$175 million in incremental property tax revenue and $250–$300 million in additional sales tax revenues.[3]

At the local level, several Ava member jurisdictions also levy a Local Utility Users Tax (UUT) on electricity consumption ranging from 3.25-9.5%. Large continuous loads such as data centers can provide a direct and ongoing revenue stream to host cities to support essential services and community investments. While these figures represent statewide estimates and outcomes will vary by location, they highlight the potential economic benefits that can accompany thoughtfully planned large-load development.

Looking Ahead

As large-load development proposals become more concrete, staff may return to the Executive Committee and Board with future informational updates or action requests. These may include discussions of large-load tariffs or non-standard rate agreements, designed to improve load forecasting, address near-term reliability needs, and ensure cost causation principles are upheld.

Any future proposals would be brought forward separately for Board consideration, with opportunities for policy discussion and public input.

Attachments

A. PowerPoint Presentation
B. CEC adopted California Energy Demand Forecast, 2025-2045
C. Utilities and Energy: Joint Oversight Hearing on AI's Energy Impacts Background Report 1.28.2026

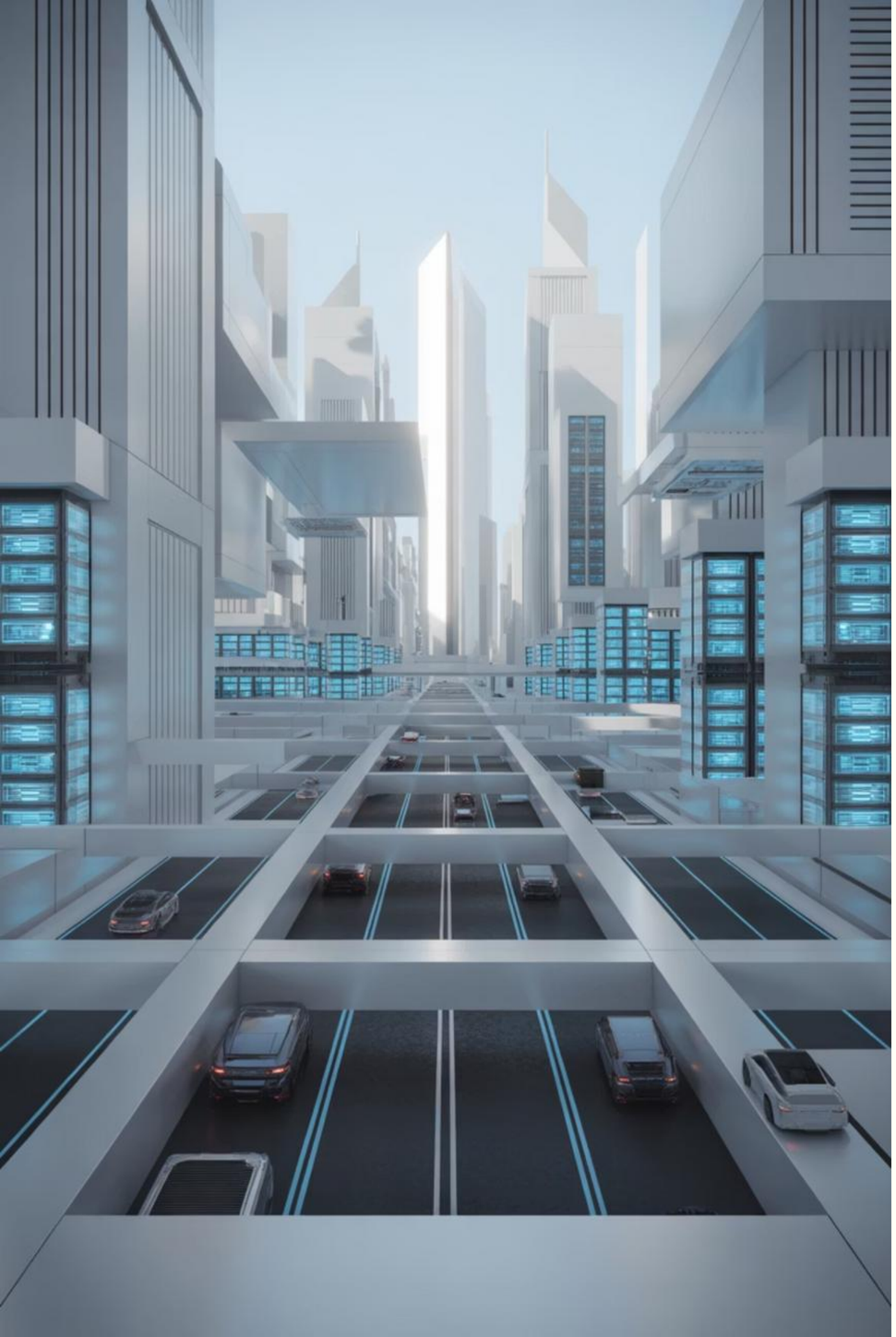
[3] https://investor.pgecorp.com/news-events/press-releases/press-release-details/2025/PGE-Data-Center-Demand-Pipeline-Swells-to-10-Gigawatts-with-Potential-to-Unlock-Billions-in-Benefits-for-California/default.aspx

Ava Community Energy

Overview of large electric load growth trends and implications for Ava Community Energy

Arielle Romero Cox, Director of Strategic Load

February 18, 2026



Navigating California's Energy Future

This report provides an overview of the forecasted large electric load growth, primarily driven by electric vehicles (EVs) and data centers. These trends have significant long-term implications for Ava Community Energy's procurement strategies, rate structures, and reliability planning. This information is for awareness only; no immediate action is required.

California's Shifting Energy Landscape

After nearly two decades of stable electricity demand, California is now entering a period of sustained load growth. The California Energy Commission (CEC) projects a substantial increase in the state's peak electricity demand by 2045.

1

Projected Peak Demand Increase

The CEC's forecast predicts a 42% to 61% rise in peak electricity demand by 2045, reaching up to 74,900 MW.

2

Key Growth Drivers

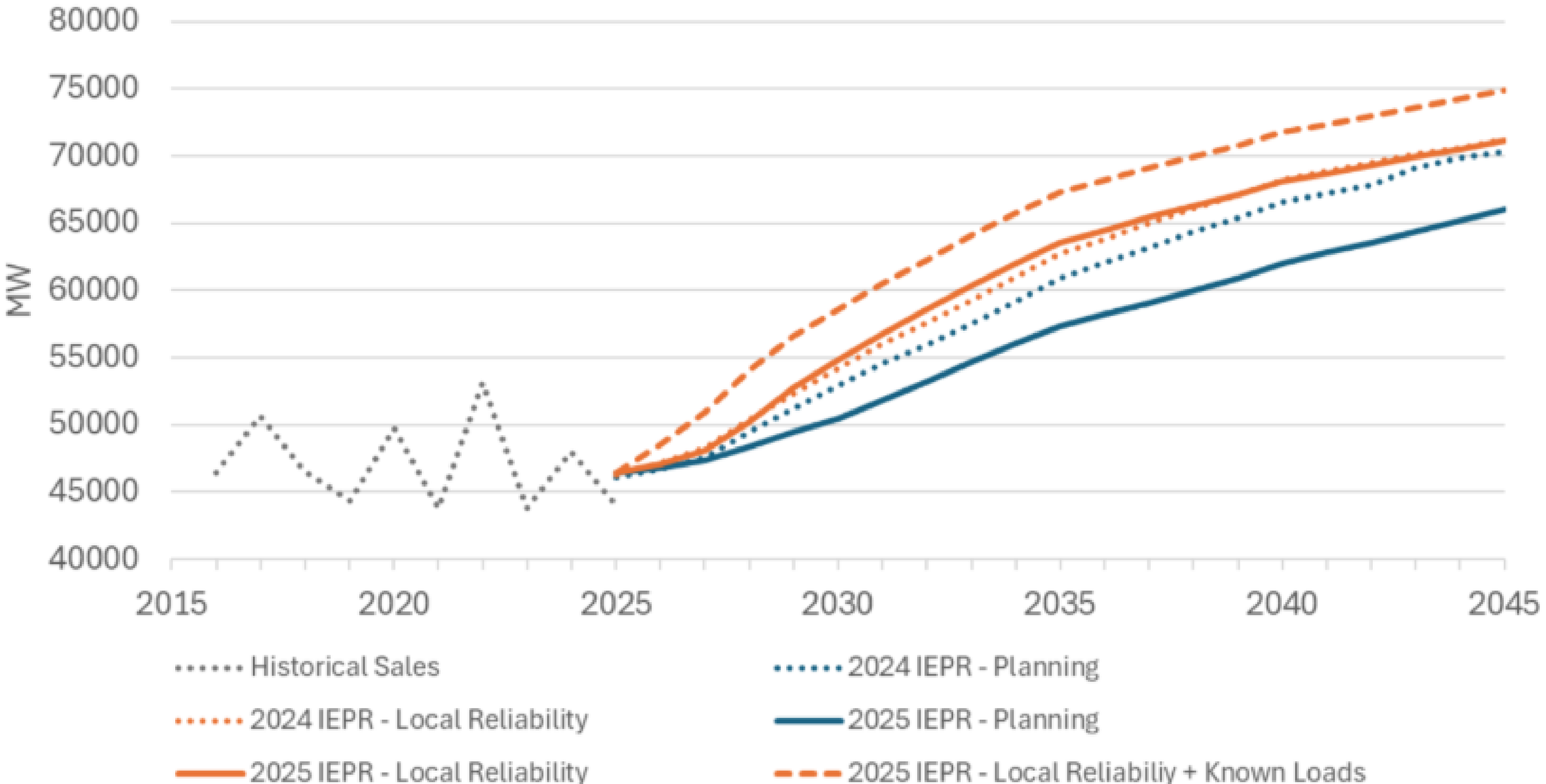
This surge is primarily fueled by electric vehicles, data centers, and building electrification (fuel shifting).

3

Structural Shift

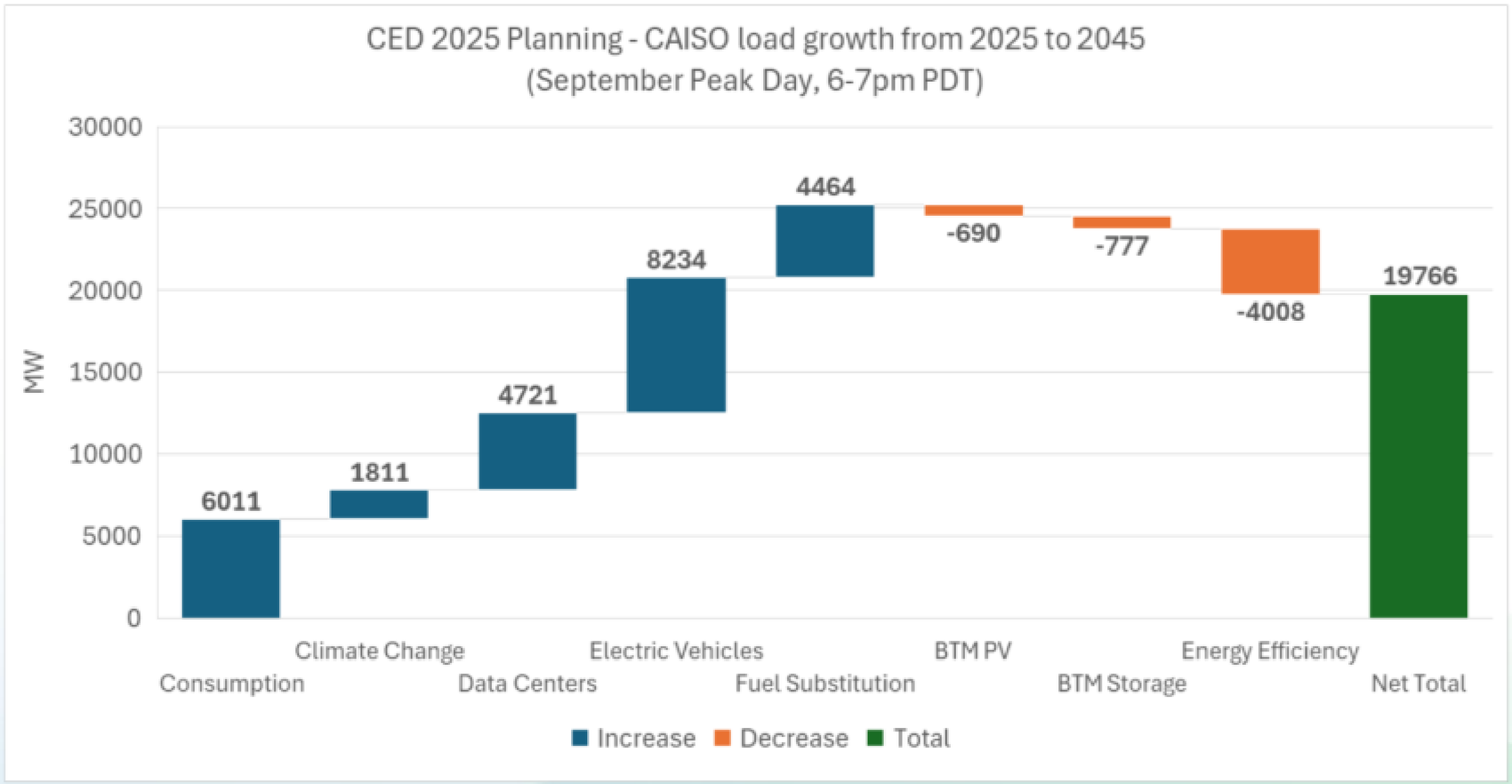
This represents a fundamental change in California's electricity system, impacting generation procurement, grid infrastructure, and cost allocation.

CAISO System Annual Peak Forecast



Projected Peak Electricity Demand Growth by 2045

Main Drivers of Peak Load Growth



Source: CEC

Primary Drivers of Demand Growth

The Integrated Energy Policy Report (IEPR) highlights that load growth is not uniformly distributed across all end uses. Three main drivers are identified for future peak demand growth within the CAISO system between 2025 and 2045.

Electric Vehicles (EVs)

EVs are projected to add approximately 8,234 MW to the peak demand.

Baseline Consumption

Economic and demographic trends contribute an additional 6,011 MW.

Data Centers

Data centers are expected to add 4,721 MW to the peak demand.

The combined peak demand from EVs and data centers alone (nearly 13,000 MW) is more than 7x Ava’s 2025 system peak of 1,657 MW

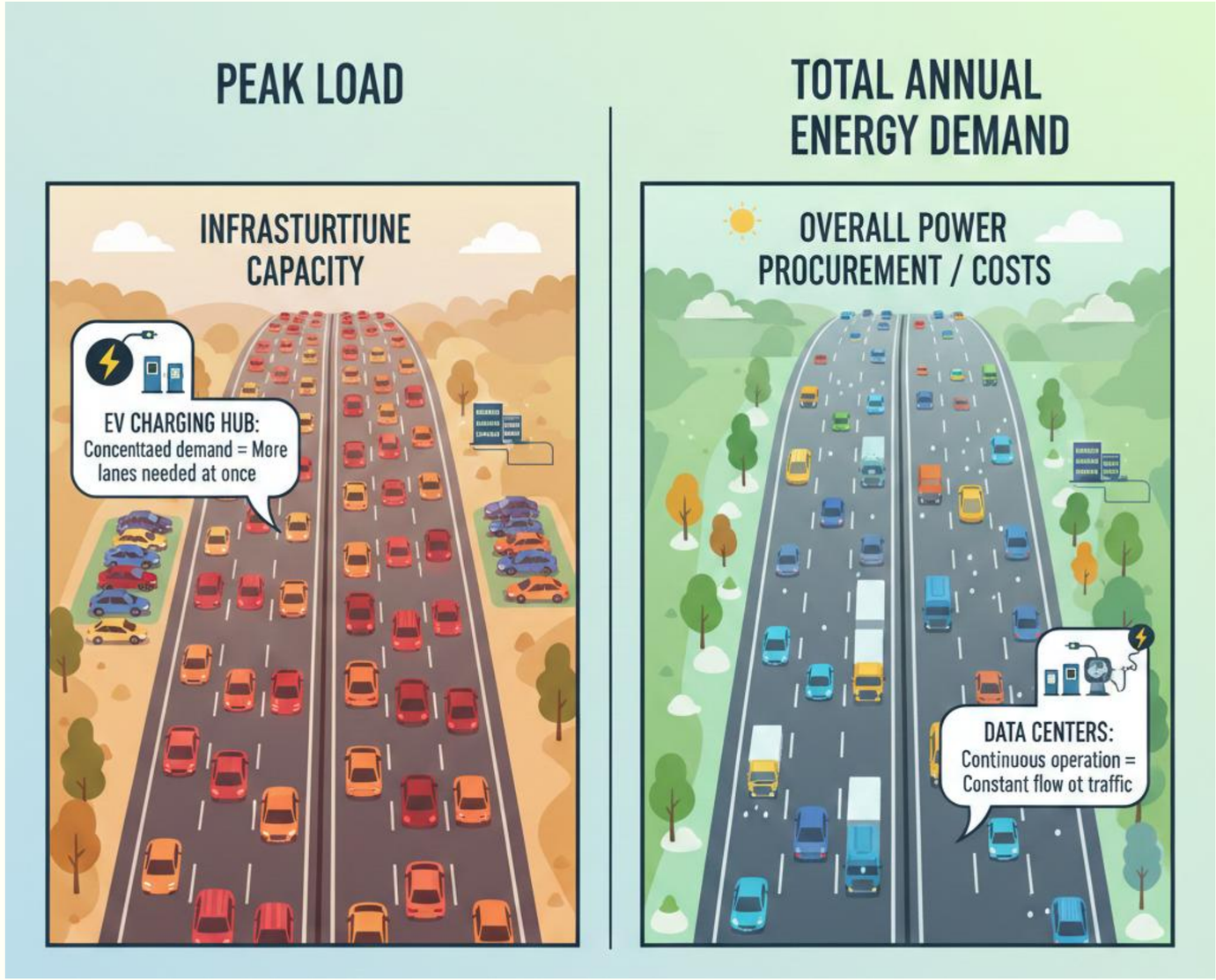
Peak Load vs. Total Annual Energy Demand

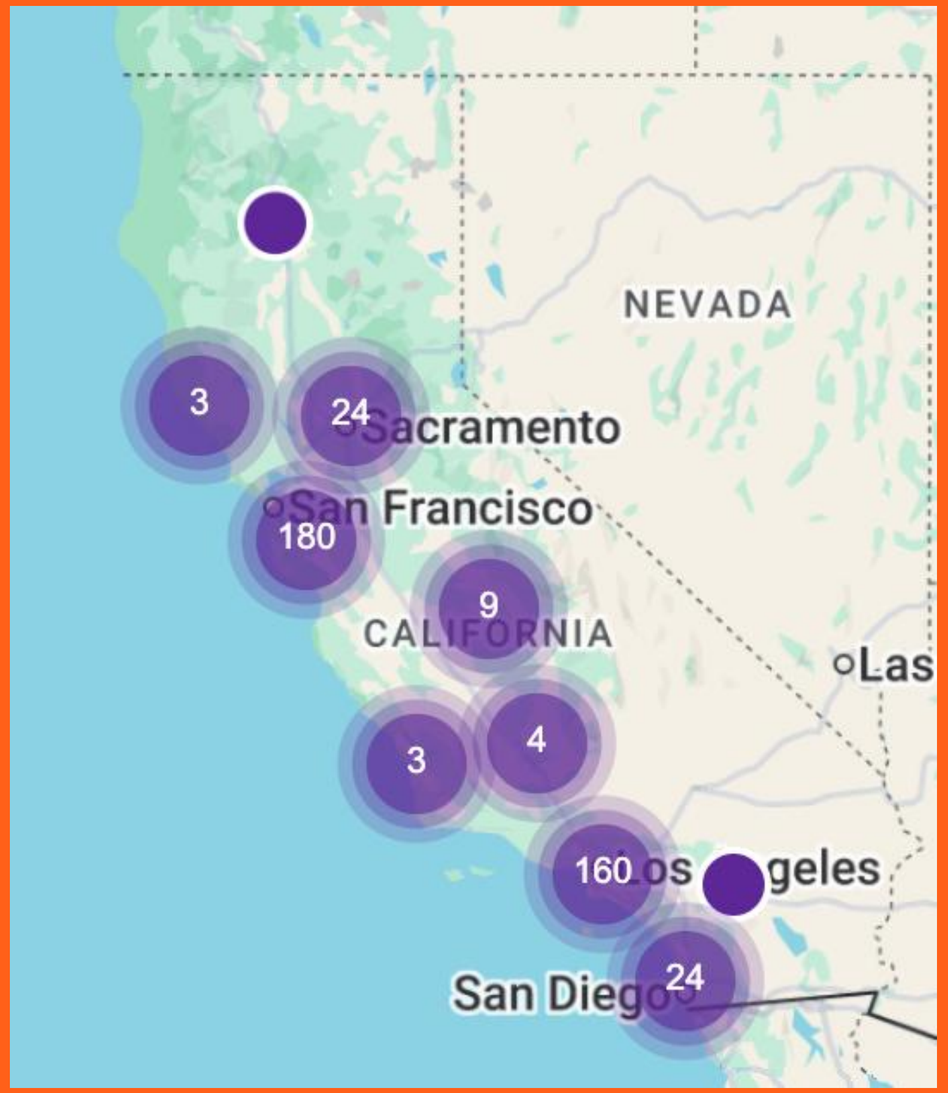
Peak Load

Peak load represents the system's maximum instantaneous demand. It dictates infrastructure sizing, resource adequacy, and capacity procurement. Think of it as the number of freeway lanes needed during rush hour.

Total Annual Demand

Total annual demand reflects cumulative energy consumption over time, driving overall power procurement costs. This is analogous to the total volume of traffic using the freeway throughout the year.





Source: DataCenters.com

Why Data Center Growth is Accelerating in California

Data center growth in California, particularly in urban areas like Ava's service territory, is driven by a confluence of strategic advantages.

Proximity to Hubs

Close to major population and technology centers, meeting demand for latency-sensitive applications like AI, cloud computing, and streaming.

Strong Grid & Clean Energy

Established transmission infrastructure and access to clean energy are critical for developers with reliability and decarbonization commitments.

Capital & Market Dynamics

Growth in AI and cloud services, coupled with strong investor interest, drives development in stable markets with high-value demand.

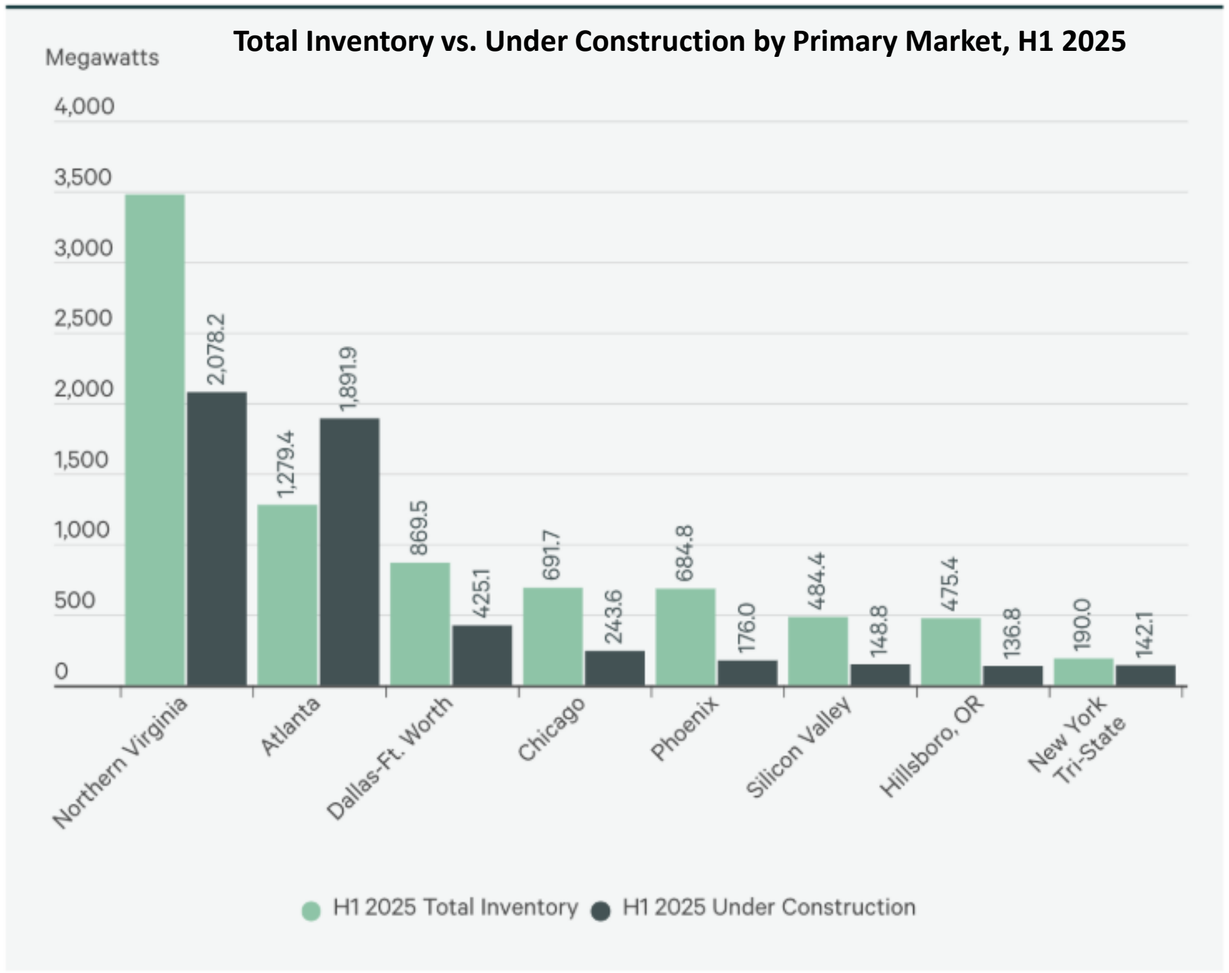
California's Data Center Market: A Unique Landscape

California stands out as a high-cost data center market compared to other U.S. states, not directly competing on power prices or land costs with regions like Virginia, Texas, or Arizona.

New data centers outside California are significantly larger, with average sizes shifting from 30-50 MW to major projects often exceeding 100-200 MW, and many targeting 500 MW to over 1 GW of total capacity, especially in markets like Northern Virginia, Dallas-Fort Worth, and Phoenix, driven by AI demand.

Northern Virginia: Dominates hyperscale development due to low-cost power, favorable tax treatment, and proximity to federal government workloads.

Texas and Arizona: Experiencing rapid growth thanks to inexpensive land, fast permitting, and lower electricity costs.



Source: CBRE Research, CBRE Data Center Solutions, H1 2025.

Potential Scale Within Ava's Service Territory

While California's data center development has historically concentrated in Santa Clara and Los Angeles, Ava's service territory is poised for significant growth.

1

Market Potential

Ava's total addressable data center market is projected to reach 530 MW–770 MW peak demand by 2030, representing 11–16% of the CEC's statewide forecast.

2

Strong Regional Demand

This reflects robust demand in the San Francisco Bay Area and Silicon Valley, where new capacity is pursued despite grid and land constraints.

3

Local Initiatives

Strategic developments like the San José–PG&E Transmission Agreement (2,000 MW) and Silicon Valley Power's expansion (1,300 MW) underscore the region's growth.

4

Project Pipeline

Ava's service area has an existing proposed data center project pipeline of 198+ MW, indicating its attractiveness for large-load development.

One megawatt of data center capacity running at 80% load can power approximately 1,300 average homes in Oakland for a full year.

Understanding Data Center Types

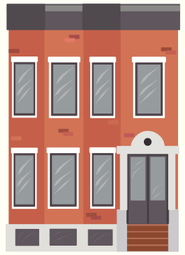
Data centers vary in scale and ownership models, each serving distinct purposes and contributing differently to energy demand.

The Corner Store
Edge Data Centers

Located close to end-users for real-time data processing (e.g., autonomous vehicles, streaming). Typical size: <1 MW.

The Home Owner
Enterprise Data Centers

Owned and operated by a single company for specific IT needs (e.g., sensitive data storage, internal applications). Typical size: 1-5 MW.



The Landlord
Colocation Data Centers

Facilities leased to multiple tenant companies for their IT infrastructure, offering redundancy and flexibility. Typical size: 5-20 MW.

The Campus
Hyperscale Cloud Data Centers

Large-scale facilities built and operated by a single organization for AI model training and cloud computing platforms. Typical size: 20-100+ MW.

Managing the Large-Load Development Pipeline

Ava does not control land use approvals or electric interconnections, but it has a strong interest in early visibility into potential large-load projects to align planning assumptions with real-world outcomes.

1

Direct Developer Engagement

Engage early with developers to understand project maturity, timing, and likelihood of completion.

2

Coordination with Local Planning

Collaborate with city and county staff who have insights into zoning, permitting, and development priorities.

3

Ongoing Information Sharing with PG&E

Maintain communication regarding interconnection activity, infrastructure constraints, and energization timelines.

This multi-pronged approach ensures Ava's load forecasts and procurement planning are based on credible project information, reducing the risk of misaligned energy procurement or rate design.

Ava's Large Load Engagement Strategy

Ava: Aligning **Planning Outcomes**

DIRECT DEVELOPER ENGAGEMENT

Early project lifecycle, understanding maturity, timing, and likelihood of completion.

CITY & COUNTY COORDINATION

Visibility into zoning, permitting, and development priorities.

PG&E INFORMATION-SHARING

Interconnection activity, infrastructure constraints, and expected energization timelines

GROUNDED FORECASTS & PROCUREMENT PLANNING

Based on **QUALIFIED, CREDIBLE PROJECT INFORMATION.**
Reduces risk of misaligned energy procurement or rate design.

Benefits for Ava and Its Member Communities

When managed with appropriate safeguards, large electric loads present strategic opportunities for Ava and its member communities.

Economic Benefits

1 gigawatt (GW) of new data center load could support:

- 5,000 construction jobs
- 500 permanent technology jobs
- more than 11,000 construction-related support jobs
- nearly 3,000 permanent associated jobs
- $125–$175 million in incremental property tax revenue
- $250–$300 million in additional sales tax revenues.

Source: PG&E

Community Advantages

- Spreads fixed administrative and program costs over a larger sales base.
- Supports long-term clean energy procurement at greater scale.
- Enables investments in new clean resources and grid infrastructure.
- Provides direct and ongoing revenue streams to host cities through Local Utility Users Tax (UUT).

Ava aims to protect existing customers while responsibly managing growth, ensuring costs and risks are borne by the customers driving the load.

Looking Ahead

- Future Information Updates
- Discussions on large load tariffs or non-standard rate agreements

Any future proposals would be brought forward separately for Board consideration, with opportunities for policy discussion and public input.


Ava
Community Energy

Item 6: Resolution Adopting the California Energy Demand Forecast, 2025-2045

January 21, 2026 Business Meeting

Nick Fugate, Lead Forecaster
Energy Assessments Division, Demand Analysis Office

Why does CEC forecast energy demand?

Warren-Alquist Act

Established the CEC

Public Resources Code 25301(a)

Requires the CEC to "conduct assessments and forecasts of all aspects of energy industry supply, production, transportation, delivery and distribution, demand, and prices."

Source: CEC

Source: CEC

Benefits & Purpose of the Forecast

- Foundational for procurement and system planning in the state
- Informs:
  - Resource adequacy requirements
  - Integrated resource planning
  - Reliability assessments
  - Transmission system planning
  - Distribution system planning

Updates to the Forecast

- Minimal modeling changes to preserve stability
- Refreshed economic/demographic projections
- Updated inputs and scenario design for:
  - PV and battery storage
  - Data centers
  - Energy efficiency
  - Fuel substitution
  - Transportation electrification
- New analysis of utility “known loads”

Assessing Known Loads

What are Known Loads?

- Energization requests at the distribution system level
- Project-level data from each Investor-owned utility

Potential Reliability Risks

- Gap between transmission and distribution planning
- Backlog of projects that exceed growth in the IEPR forecast

Other Considerations

- First year that CEC has used the known load data
- Lack of historical record
- Interaction with CEC modeling
- Balance resource procurement obligations with grid planning

Joint Agency and CAISO Decision on Forecast Composition by Use Case

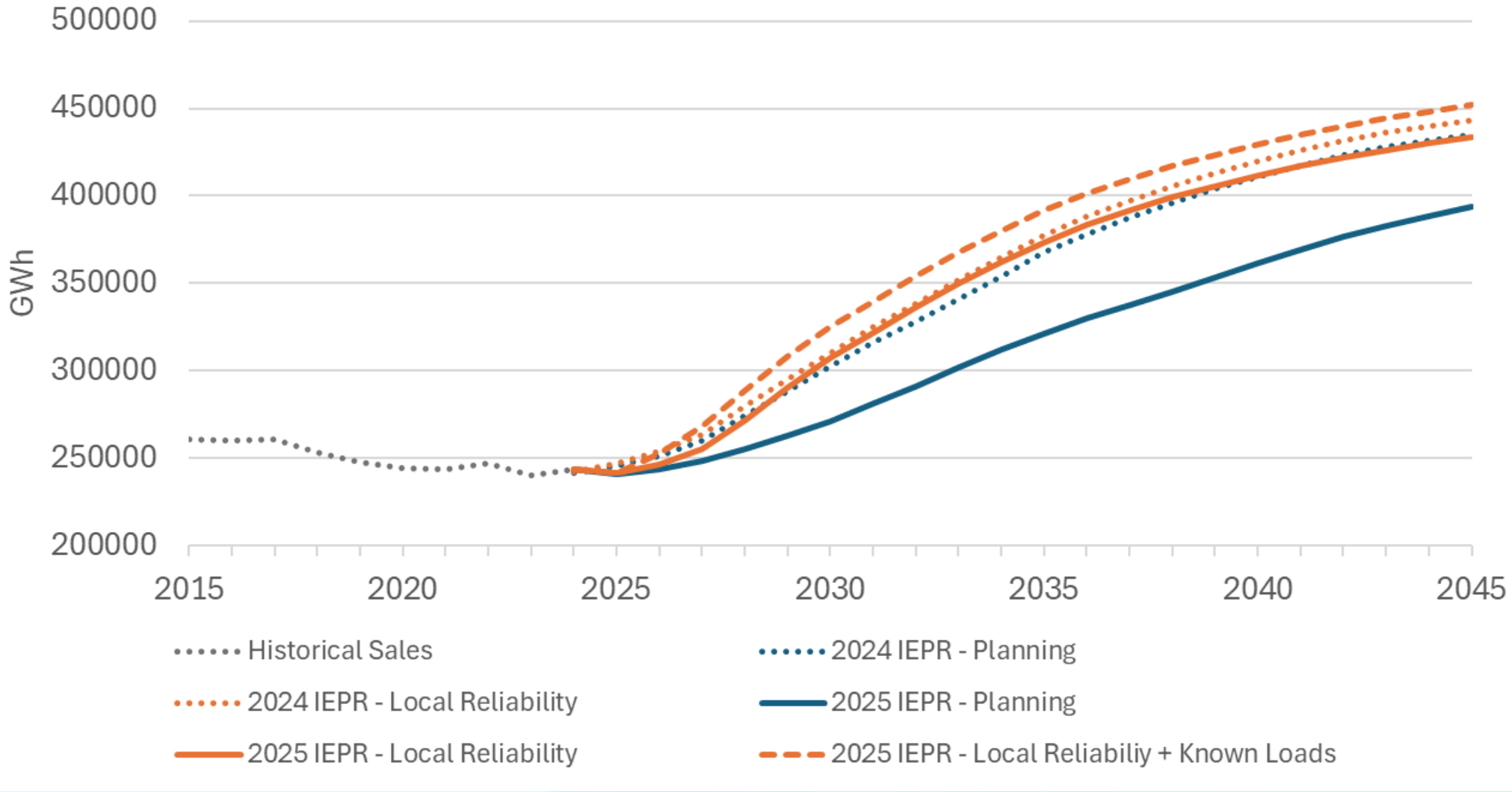
	System/Flex Resource Adequacy	Local Capacity Studies	Transmission Local Studies	Integrated Resource Planning & Transmission Bulk System
Forecast Composition	2025 IEPR Planning without Known Loads	2025 IEPR Local Reliability without Known Loads	2025 IEPR Local Reliability Forecast with Known Loads	2024 IEPR Planning Forecast

- Monitor known loads throughout 2026 for 2027 reliability
- Run CEC's summer reliability assessment with and without known loads

- CAISO to use separate scenarios for Local Capacity Studies and Transmission Local Studies

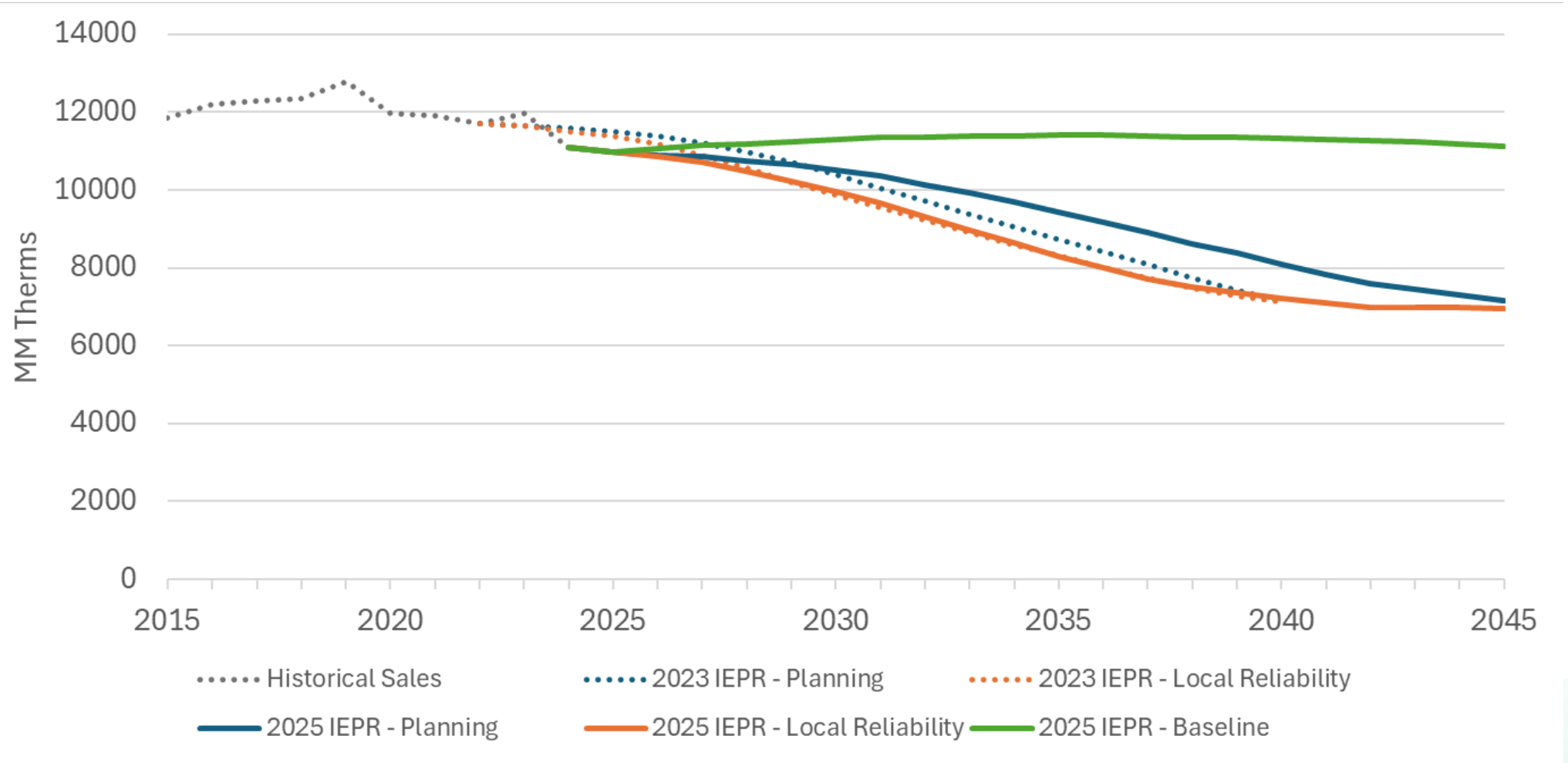
- Uncertainty with known loads, data centers
- Stability in resource and infrastructure planning

Statewide Electricity Sales Forecast



Source: CEC

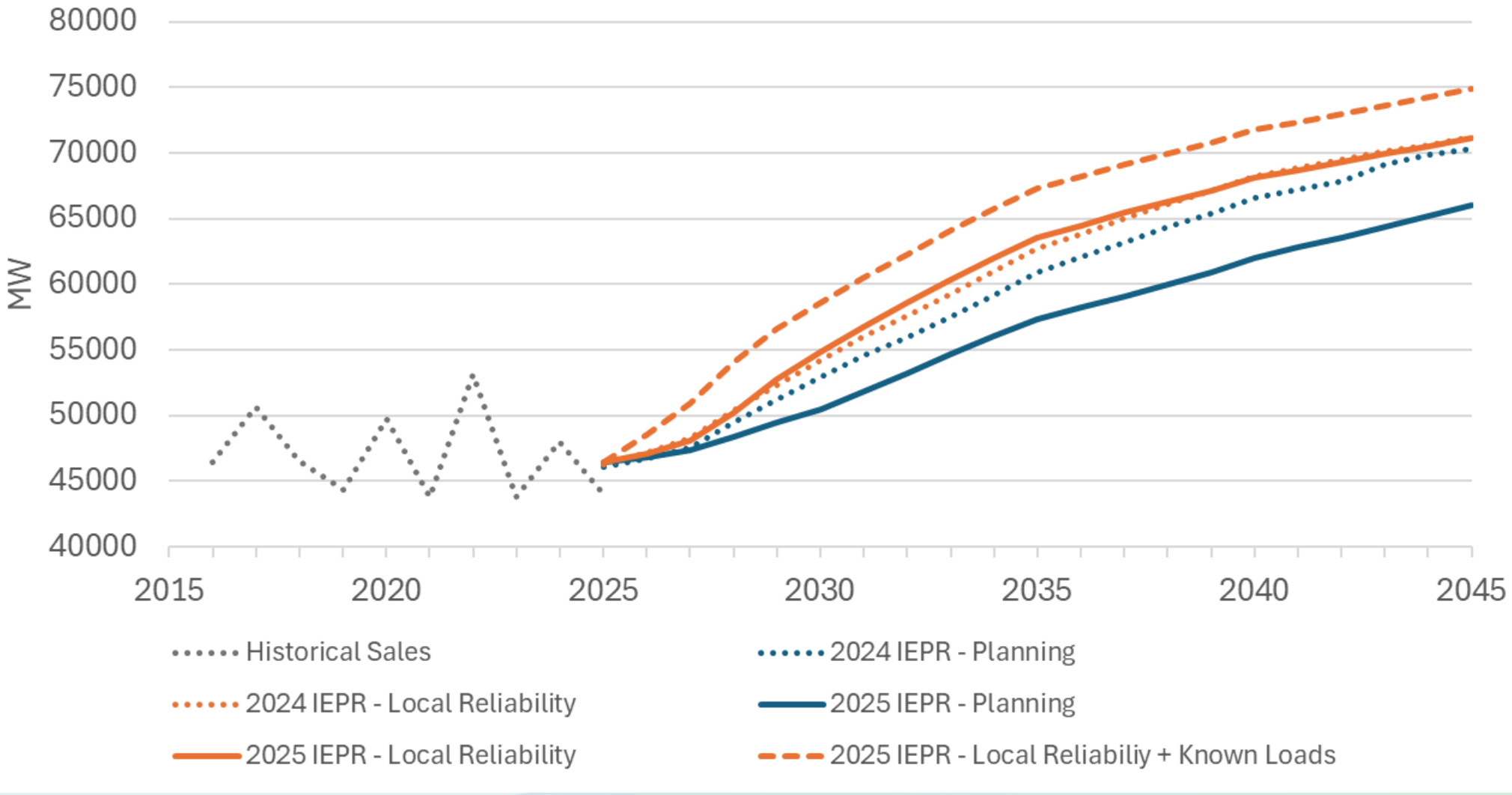
Statewide Gas Sales Forecast



Source: CEC

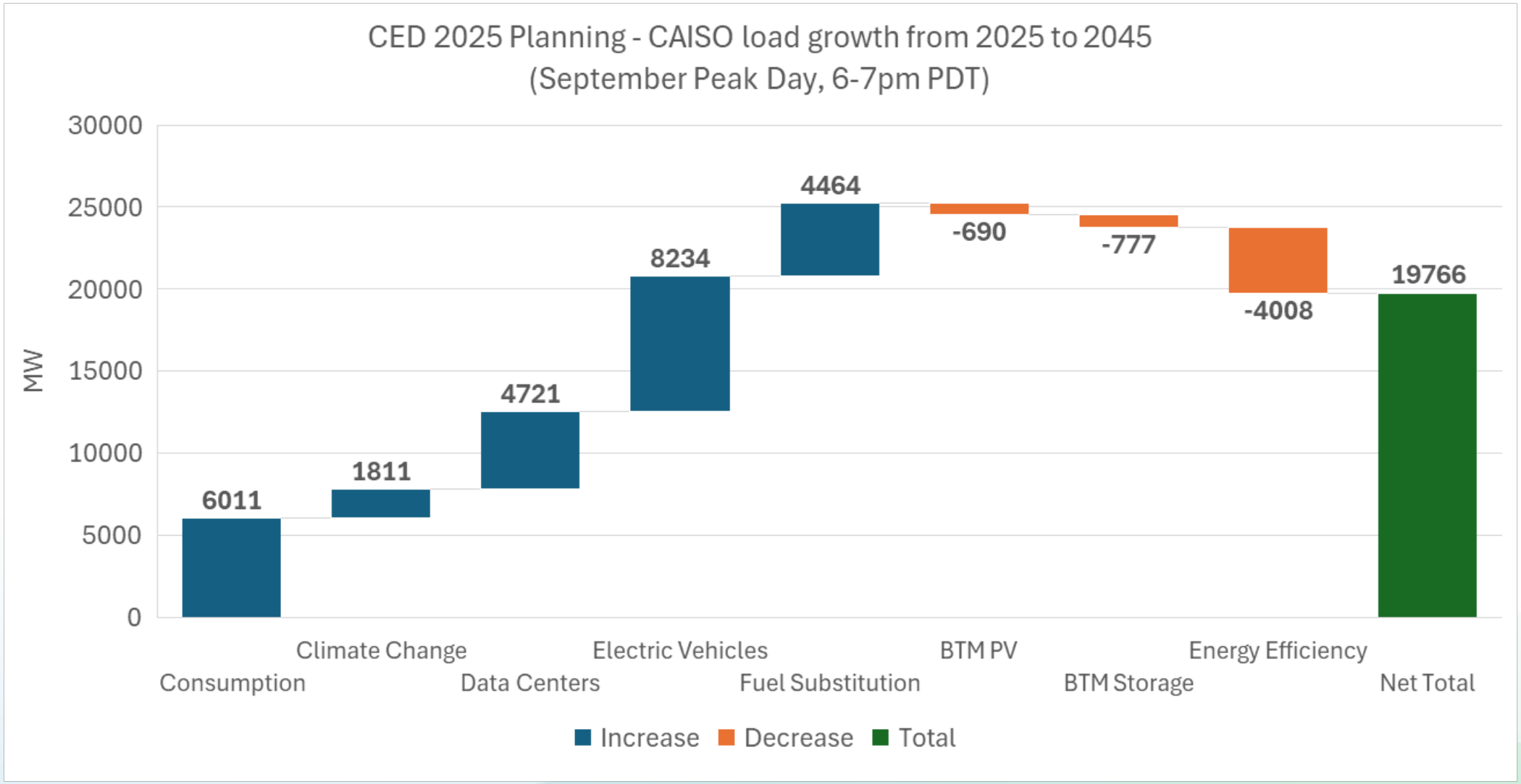
Gas sales forecast implied by electricity system planning assumptions

CAISO System Annual Peak Forecast



Source: CEC

Main Drivers of Peak Load Growth



Source: CEC

2025 IEPR Forecast Workshops and Meetings

Meeting Type	Topic	Date
IEPR Workshop	California's Economic Outlook	February 26
DAWG Meeting	Economic and Demographic Inputs and Data Center Forecasting	July 16
IEPR Workshop	Inputs and Assumptions	August 6
DAWG Meeting	Load Modifier Assumptions	August 18
IEPR Workshop	Load Modifier Scenario Updates	August 26
DAWG Meeting	Draft Load Modifier Results	October 30
IEPR Workshop	Draft Load Modifier Results	November 13
IEPR Workshop	Draft Overall Forecast Results	December 17
DAWG Meeting	Revised Results & Forecast Composition	January 5, 2026

2025 IEPR Workshops & DAWG Meetings

Staff Recommendation

- Adopt the California Energy Demand Forecast, 2025-2045
- Approve staff's recommendation that this action is exempt from CEQA

California State Assembly

COMMITTEES ON UTILITIES AND ENERGY AND PRIVACY AND CONSUMER PROTECTION

COTTIE PETRIE-NORRIS AND
REBECCA BAUER-KAHAN
CHAIRS

Wednesday, January 28, 2026
1:30pm
1021 N Street, Room 1100

JOINT OVERSIGHT HEARING

AI's Energy Impacts

Findings

- *Artificial intelligence (AI)-driven data center growth is occurring at a scale and speed that outpaces most existing electricity planning frameworks. Forecasting methods, interconnection processes, and cost-allocation rules were not designed for large, uncertain, and highly concentrated loads arriving simultaneously across multiple regions.*

- *California has so far avoided rate impacts from data center growth, but that outcome is not guaranteed. High electricity prices, project-by-project review, and existing system capacity have limited impacts to date; however, growing transmission-level load heightens the risk of future cost shifts.*

- *New data center customers can reduce – or increase – rates depending on how infrastructure costs and revenue are allocated. Bill reductions only occur when new loads cover their full marginal and long-term costs; otherwise, ratepayers face higher bills, stranded assets, and "ghost load" risk.*

- *Uncertainty around data center demand materially increases financial and reliability risks for the grid. Overstated or duplicative load projections can drive unnecessary procurement and transmission investment, as evidenced in other regions, with costs borne by customers when projected load fails to materialize.*

- *Current regulatory pathways for backup generation and flexible demand may conflict with California's environmental and equity goals. Expanded reliance on diesel backup generation, especially under streamlined siting and flexibility programs, could increase localized pollution and undermine emissions objectives if not carefully constrained.*

The increasing computational requirements of AI have fueled a wave of data center development, with an estimated 50 gigawatts (GW) of new data center capacity added to the global development pipeline in 2024 alone.[1] This is an unprecedented level of demand in an extraordinarily short amount of time. For context, 50 GW is roughly the entire electricity demand of California during its hottest, most stressed hours – essentially the load of the whole state during extreme heat events.[2] This rapid expansion of data centers is driving an unprecedented demand for energy. In 2024, data centers in the U.S. used approximately 200 terawatt-hours (TWh) of electricity, roughly what it takes to power Thailand for a year.[3] As a result, access to electricity is a top concern shaping the development of digital infrastructure.

At the same time, access to *affordable* electricity is a top concern shaping the public discourse nationwide, particularly in areas with large data center concentrations. Across the country – from Georgia[4] to Texas,[5] Ohio[6] to New York,[7] to the hardest hit area in Northern Virginia[8] – the impact of AI-fueled data center growth has become a kitchen-table issue, replete with yard signs,[9] local moratoria,[10] and high electricity bills fueling a frustrated public.[11,12] According to the U.S. Energy Information Administration, residential utility bills rose 5% nationally by October 2025;[13] however, this was much higher in data center-rich regions, with Virginia, Ohio, and Illinois experiencing double-digit increases.[14]

Yet these challenges have not yet surfaced in California. Despite being one of the top data center markets in the country,[15] California has not seen an increase in electricity rates due to data center growth, according to the California Public Utilities Commission (CPUC).[16] Although data

[1] iMasons. *State of the Digital Infrastructure Industry – Annual Report 2025*. 2025. https://imasons.org/publications/state-of-the-digital-infrastructure-ind ustry-annual-report-2025/

[2] September 6, 2022 reached a peak load of approximately 52 GWs, the highest on record. California's average annual demand is between 25-30 GWs.

[3] James O'Donnell and Casey Crownhart, "We did the math on AI's energy footprint. Here's the story you haven't heard." *MIT Technology Review*, May 20, 2025; https://www.technologyreview.com/2025/05/20/1116327/ai-energy-usage-climate-footprint-big-tech/

[4] Kala Hunter, "How Georgia became the 'wild west' of data centers. Is transparency on the horizon?" *Georgia Public Broadcasting*, September 10, 2025; https://www.gpb.org/news/2025/09/10/how-georgia-became-the-wild-west-of-data-centers-transparency-on-the-horizon

[5] Jason Plautz, "Trump, atoms, AI and the Texas data center gusher," *Politico*, January 4, 2026; https://www.politico.com/news/2025/12/23/fermi-america-data-center-amarillo-texas-00701800?_sp_pass_consent=true

[6] Cliff Pinckard, "Ohio ranks fifth in the country for data centers. To power them, they're going nuclear." *Cleveland.com* (formerly *The Plain Dealer),* January 20, 2026. https://www.cleveland.com/metro/2026/01/ohio-ranks-fifth-in-the-country-for-data-centers-to-power-them-theyre-going-nuclear-the-wake-up-for-tuesday-jan-20-2026.html

[7] Johan Sheridan, "Data center boom straining power grid as New York asks who should pay," *ABC News 10*, October 24, 2025; https://www.news10.com/news/rising-energy-costs-new-york/

[8] Liam Bowman, "Concerns over data centers drive local election in Northern Virginia," *The Washington Post*, November 9, 2025. https://www.washingtonpost.com/dc-md-va/2025/11/08/prince-william-county-gainseville-election/

[9] Ryan Murphy and Emily Feng, "Why more residents are saying 'No' to AI data centers in their backyard;" *NPR News*; July 17, 2025; https://www.npr.org/2025/07/17/nx-s1-5469933/virginia-data-centers-residents-saying-no

[10] Anna Lynn Winfrey, "Another Columbus-area community passes 90-day moratorium on data centers," *Columbus Dispatch*, December 15, 2025; https://www.dispatch.com/story/news/local/communities/dublin/2025/12/15/second-central-ohio-community-washington-twp-to-ban-data-centers-for-90-days-wants-dublin-to-join-in/87719185007/

[11] Marc Levy and Jesse Bedayn, "Voters' anger at high electricity bills and data centers looms over 2026 midterms," *The Associated Press*, November 8, 2025; https://apnews.com/article/2026-election-utility-bills-ai-data-centers-13703f61d1397612fd067e69b9093116

[12] J. Saul, et al., "AI Data Centers are Sending Power Bills Soaring," *Bloomberg Technology*, September 29, 2025; https://www.bloomberg.com/graphics/2025-ai-data-centers-electricity-prices/

[13] As compared to October 2024; EIA information released on December 23, 2025 with data for October 2025. https://www.eia.gov/electricity/monthly/update/

[14] Kimball and Cortes, "Data centers are concentrated in these states. Here's what's happening to electricity prices." *CNBC*, November 14, 2025; https://www.cnbc.com/2025/11/14/data-centers-are-concentrated-in-these-states-heres-whats-happening-to-electricity-prices-.html

[15] See Figure 2 below

[16] CPUC, "California Data Center Development & Energy Needs: FAQs," 12.22.2025.

centers use significant amounts of electricity, they still represent a small share of California's overall demand and are typically sited and managed in ways that have limited their impact on statewide electricity rates. In investor-owned utility (IOU) territories, the CPUC notes that commercial and industrial (C&I) rate structures often require project-by-project review, which helps identify data center–related system upgrades and assign those costs to the data center driving them. In addition, California's above-average electricity prices can discourage electricity-hungry data center development, except where proximity to users is required to meet latency needs.

These trends may be changing. For instance, Pacific Gas & Electric (PG&E) residential electricity rates were 11% lower by January 2026 than in January 2024,[17] in contrast to other California IOUs. But PG&E also reported a rise in future data center development during this time, from 5.5 GWs in February 2025[18] to 10 GWs by July 2025.[19] It will take years for this data center load to come online. But as that happens, the generation and new transmission lines to serve that load will also come online – the cost of which is traditionally shared amongst all customers.

The emergence of extensive data center electricity load, driven by the growth in AI computing, marks a rare opportunity in the energy industry to reassess existing rate design and customer protections. The promise of data center energy consumption is alluring: that increased electricity sales from data centers will cover all the new costs to serve those data centers and may even offset existing system costs. Such is the story for other large loads, like transportation electrification (TE), with the California Public Advocates Office (PAO) finding TE "may cause downward pressure on electric rates."[20] The timing can feel almost too perfect: as California undertakes systemwide decarbonization and infrastructure renewal, a new, well-funded customer emerges, apparently willing[21] to shoulder the cost of long-deferred investments. However, as the PAO cautions for TE, and as applies equally to data-center development, "to achieve this downward pressure on rates, effective management of multiple factors will be required, including efficient infrastructure buildout and cost constraints."[22]

California is better situated than many other parts of the country to accommodate data center driven load growth. California's early adoption of resource planning, for both decarbonization and reliability, have provided a cushion, such that the California grid has significant capacity available in periods of low customer demand.[23] California also boasts a legacy of innovation,

[17] PG&E press release, "PG&E to Lower Electric Prices on Jan. 1, Fourth Decrease in Two Years," December 30, 2025; https://investor.pgecorp.com/news-events/press-releases/press-release-details/2025/PGE-to-Lower-Electric-Prices-on-Jan--1-Fourth-Decrease-in-Two-Years/default.aspx

[18] PG&E press release, "PG&E Accelerating Connection of New Data Centers throughout Northern and Central California," February 13,2025; https://investor.pgecorp.com/news-events/press-releases/press-release-details/2025/PGE-Accelerating-Connection-of-New-Data-Centers-throughout-Northern-and-Central-California/default.aspx

[19] PG&E press release, "PG&E Data Center Demand Pipeline Swells to 10 Gigawatts with Potential to Unlock Billions in Benefits for California," July 31, 2025; https://investor.pgecorp.com/news-events/press-releases/press-release-details/2025/PGE-Data-Center-Demand-Pipeline-Swells-to-10-Gigawatts-with-Potential-to-Unlock-Billions-in-Benefits-for-California/default.aspx

[20] Pg. 14, Public Advocates Office, *Distribution Grid Electrification Model 2025 – Study and Report*, October 2025. https://www.publicadvocates.cpuc.ca.gov/-/media/cal-advocates-website/files/press-room/reports-and-analyses/251030-public-advocates-office-distribution-grid-electrification-model-2025.pdf

[21] Amrith Ramkumar, "Microsoft Makes New Data-Center Pledges After Local Backlash," *The Wall Street Journal*, January 13, 2025.

[22] Pg. 14, PAO October 2025, *Ibid.*

[23] The transmission system uses less than 40% of its capacity on average. Pg. 8, L. Min, et al., *Powering AI at Speed in California*, Stanford Precourt Institute for Energy, September 2025; https://drive.google.com/file/d/14NhXPKynQCjbBC99xVk6tA5pqCD9U052/view

from early data center adoption in Santa Clara to energy efficiency requirements[24] to historic approaches to ensure adequate capacity.[25] The pace of AI deployment has strained most aspects of current energy governance and cost allocation; yet California's high electricity costs may have provided the rare benefit of slowing recent in-state development, enabling California regulators the time to apply effective safeguards and lessons learned from other states.

The purpose of this hearing is to discuss the impact of AI and corresponding data center growth on the energy sector, both nationwide and in California. The hearing will detail impacts specific to California's electricity system – from maintaining renewables goals, to ensuring system reliability, to protecting affordability. While data center electricity and water consumption are related, sometimes inversely,[26] this hearing will focus just on the electric side. Other committees may hold hearings later this session focused on other resource constraints, including water. Panelists will be asked to speak to needed safeguards to ensure data center development in California does not lead to runaway energy costs, stranded assets, or negative environmental impacts.

I. The Data Center Ecosystem.

Data centers pose an emerging challenge for California's energy system. But not all data centers are built the same. Their power demands, latency needs, and location requirements vary significantly depending on their function.

Some key players include:

- Enterprise Data Centers – Private data centers that serve proprietary digital operations (e.g., banks, healthcare organizations, governments). The homeowners of the data center world.

- Colocation Data Centers – Facilities where multiple tenants rent space to host their own servers and technology equipment, without building or managing their own space. These are the landlords of the data center world.

- Hyperscale Cloud Providers – Large-scale operators that deliver rapid computing power and cloud-based storage to support AI and other data-intensive applications. Examples include Amazon Web Services (AWS), Microsoft Azure, and Google Cloud. These are like colleges or hospitals, where the entire campus is owned and managed by a single entity; they sell services rather than space.

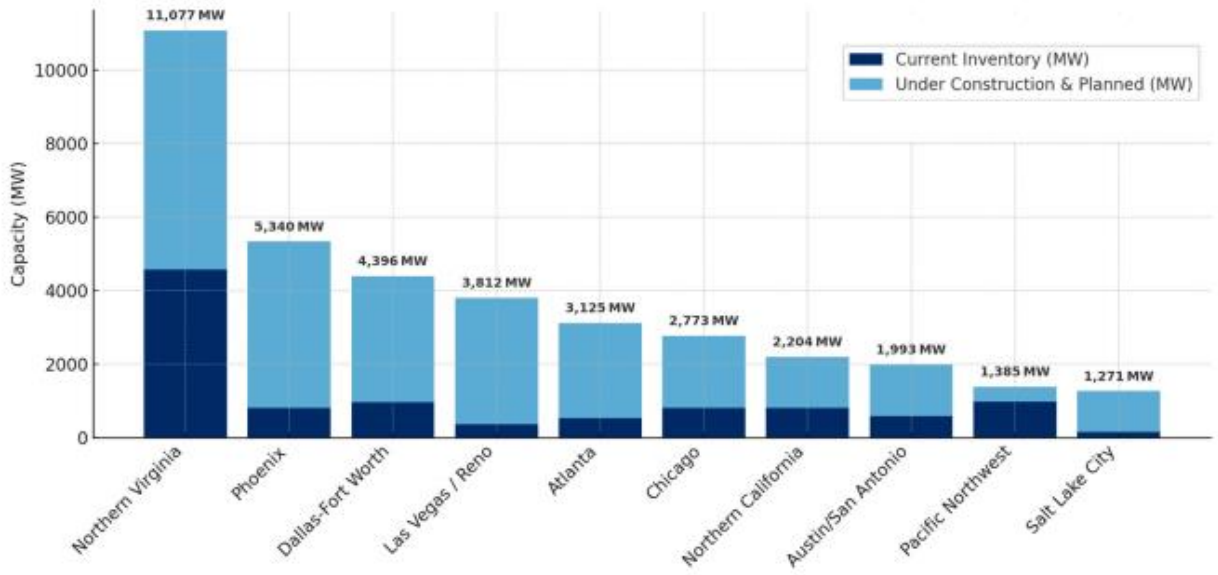
- Edge Data Centers – Smaller, distributed facilities located closer to end-users or data sources. They support processes that rely on low latency. They are critical for services like autonomous vehicles and content delivery, often operating in conjunction with larger cloud or colocation providers to offload demand from centralized data centers. These are like the neighborhood corner store – built for speed and convenience, not scale.

[24] CEC, "Computer Rooms & Data Centers Fact Sheet," August 2023. https://www.energy.ca.gov/sites/default/files/2023-09/2022_CEC-Computer_Room_and_Data_Centers_ADA.pdf
[25] Namely our Resource Adequacy program; https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-power-procurement/resource-adequacy-homepage
[26] For data center cooling, specifically, the less water you use (water towers), the more electricity you have to use (air chillers), and vice versa.

Data centers rely on long-term contracts and make money by leasing space and selling computing and storage services. Because building data centers requires very large upfront investments – often hundreds of millions or even billions of dollars – strong financing is necessary. Their profitability depends on factors such as energy costs, customer demand, lease terms, and how efficiently the facilities are operated.

The emergence of AI has led to a shift in data center architecture, from traditional centralized computing toward more decentralized networks. Traditionally, markets such as Loudoun County, Virginia and Silicon Valley, California have been key data center hubs due to their infrastructure and connectivity, as shown by the dark blue bars in Figure 1.[27] As demand for real-time processing increases, more decentralized approaches – such as edge computing – are changing where data centers are built. These trends are expanding data center development beyond traditional metro areas into regions with more favorable energy costs, permitting conditions, and transmission access, as shown by lighter blue bars in Figure 1. These trends have influenced the scale and location of data center development in California.

Figure 1. Top 10 U.S. data center markets by future power capacity (including current inventory and under construction & planned).



In California, data center development has been concentrated in Santa Clara and Los Angeles, due to proximity to fast fiber-optic connections and lower electricity rates served by those cities' municipal utilities. More recently, Pacific Gas & Electric has received a surge of requests for service to new data centers. Initially those requests were in and around the South Bay; however, the utility reports expanding development of large load customers in other regions of its service territory.[28]

II. The Dawn of Data.

[27] L. Min, W. Chueh, and I. Ehrenpreis, *Powering AI at Speed in California*, Precourt Institute for Energy [Stanford University] (Sep. 2025), p. 7. https://drive.google.com/file/d/14NhXPKynQCjbBC99xVk6tA5pqCD9U052/view
[28] Michael Medieros, "PG&E Written Testimony;" Letter to the Little Hoover Commission; December 8, 2025. https://lhc.ca.gov/wp-content/uploads/PGE-LHC-Written-Testimony.pdf

In 2024, global data generation surpassed 149 zettabytes (trillions of gigabytes).[29] As put into perspective by researchers at University of Texas at Austin: "if each gigabyte were a single-page document, the resulting stack of [these] papers could reach the Moon and back ~20 times."[30] This scale of data reflects the rapid growth of connected devices, AI-driven queries, and cloud-based services that depend on data centers for real-time processing and storage.

It is the growth in AI-computing that has driven most of the growth in data center development and construction. However, the data and energy needs vary depending on the type of AI-computing. Traditionally, there are two types of AI workloads: training and inference. Training is when AI *learns* from large datasets; whereas inference is when that trained model is *used* by customers.

Data Hogs are Energy Hogs. As noted in reports by the Assembly Committee on Privacy and Consumer Protection,[31] staggering quantities of data are required to train the most advanced AI models. For example, GPT- 4 – the large language model (LLM) embedded in ChatGPT 4 – is reported to have been trained on roughly 10 trillion words of text.[32,33] Adjusting the model's 1.8 trillion parameters continuously as it was exposed to this vast corpus required trillions upon trillions of computations, which were performed by running approximately 25,000 expensive, energy-consuming microchips for nearly 100 days nonstop, at an estimated cost of $63 million.[34] It is estimated this training consumed 50 gigawatt-hours (GWhs) of

Box 1: A Note on Data Availability

Details about AI's current and future energy impact are fairly murky. As noted by researchers at Lawrence Berkeley National Lab, "the lack of direct energy data available in a sector with rapidly evolving technologies limits this analysis…" [a]

The researchers go on to note, "very few companies report actual data center electricity use and virtually none report it in context of IT characteristics…" [b]

As such, values reported on AI or data center energy use in this document are *estimates* with large uncertainty.

Such vagueness may be fine for purposes of this discussion, but as highlighted below, can greatly limit state energy planners' abilities to accurately forecast grid system needs. This dearth of information motivated both AB 222 (Bauer-Kahan, 2025) and the recently introduced AB 1577 (Bauer-Kahan, 2026).

a: pg. 7, Shehabi, Arman, et al. "2024 United States Data Center Energy Usage Report." December 2024, Lawrence Berkeley National Laboratory, Berkeley, California. LBNL-2001637; https://eta-publications.lbl.gov/sites/default/files/2024-12/lbnl-2024-united-states-data-center-energy-usage-report_1.pdf

b: pg. 68, Shehabi, *Ibid.*

[29] D. Ewim et al. "Impact of Data Centers on Climate Change: A Review of Energy Efficient Strategies". The Journal of Engineering and Exact Sciences 9.6 (2023), 16397–01e. https://www.researchgate.net/figure/Global-annual-GHG-emissions-from-major-industries-Source-Kilgore-2023_fig1_373295068

[30] N. Ling, et. al, *Data Center Growth in Texas: Energy, Infrastructure, and Policy Pathways*; Bureau of Economic Geology, The University of Texas at Austin; December 2025; https://www.beg.utexas.edu/files/cee/Data_Center_White_Paper_BEG.pdf

[31] Most recently in their background paper for their December 8, 2025, joint hearing on "Artificial Intelligence and Copyright" https://apcp.assembly.ca.gov/system/files/2025-12/background-paper-dec-8-stanford-ai-and-copyright-joint-info-hearing_updated.pdf

[32] Schreiner, "GPT-4 architecture, datasets, costs and more leaked," *The Decoder* (Jul. 11, 2023), https://the-decoder.com/gpt-4-architecture-datasets-costs-and-more-leaked/

[33] Begum, "OpenAI Releases GPT-4: A Smarter and Faster AI-Language Model with 'Human-level Performance,'" Vocal *Media* (2023), https://vocal.media/01/open-ai-releases-gpt-4-a-smarter-and-faster-ai-language-model-with-human-level- performance.

[34] Ludvigsen, "The carbon footprint of GPT-4," *Medium* (Jul. 18, 2023), available at https://medium.com/data- science/the-carbon-footprint-of-gpt-4-d6c676eb21ae.

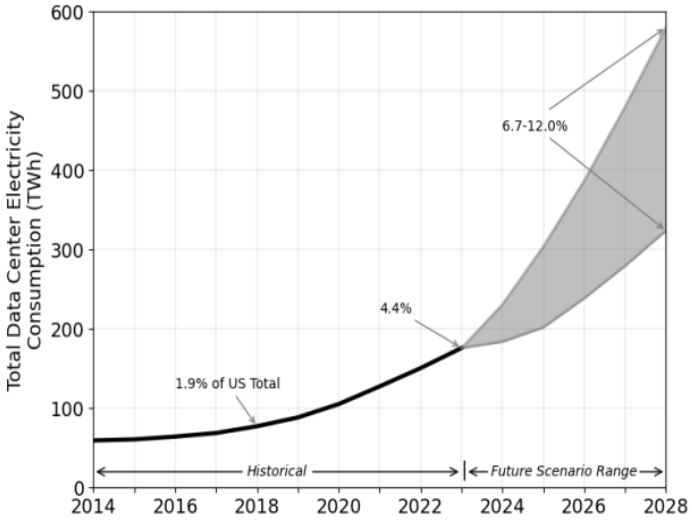
energy, enough to power San Francisco continuously for three days.[35]

However, as noted in *MIT Technology Review*, "inference, not training, represents an increasing majority of AI's energy demands. …It is now estimated that 80-90% of computing power for AI is used for inference."[36] While rough estimates exist for how much energy each AI-query consumes – famously, OpenAI CEO Sam Altman has stated each ChatGPT query consumes approximately 0.34 watt-hours of electricity, enough to power a lightbulb for a few minutes[37] – in reality, the type and size of the model and your selected output (language, image, video) can make one query thousands of times more energy-intensive and emissions-producing than another. One billion of these inquiries every day for a year – well below the self-reported values of OpenAI[38] – would mean over 109 GWhs of electricity, enough to power 10,400 U.S. homes for a year, according to researchers writing in *MIT Technology Review.*[39]

The type of AI workloads will also strongly shape where future data centers are built. Training large AI models requires enormous computing power but is relatively insensitive to latency, allowing these facilities to be sited in remote areas with access to abundant, low-cost electricity. In contrast, inference workloads support real-time applications and are highly latency-sensitive, which favors data centers located close to end users. As a result, energy-intensive training facilities are increasingly being built in rural or industrial regions, while smaller edge and micro data centers are expanding in urban areas to support inference-driven services such as autonomous driving and immersive media.

Exponential growth doesn't feel exponential at first. As shown in Figure 2, U.S. data center annual energy use prior to 2016 was relatively stable at about 60 TWh. Despite the construction of new data centers to serve the rise of cloud-based online services, such as Netflix, increases in efficiency kept this growth consumption relatively flat. However, starting in 2017, electricity consumption accelerated nationwide primarily due to AI computing. By 2023, data centers were 4.4% of total U.S energy consumption. By 2028, data centers are predicted to use between 6.7% and 12% of the country's

Figure 2. Total U.S. data center electricity use from 2014-2028.[10]



[35] James O'Donnell and Casey Crownhart, "We did the math on AI's energy footprint. Here's the story you haven't heard." *MIT Technology Review*, May 20, 2025; https://www.technologyreview.com/2025/05/20/1116327/ai-energy-usage-climate-footprint-big-tech/
[36] O'Donnell and Crownhart, *Ibid.*
[37] Kwan Wei Kevin Tan, "Sam Altman says the energy needed for an average ChatGPT query can power a lightbulb for a few minutes," *Business Insider*, June 10, 2025; https://www.businessinsider.com/how-much-energy-does-chatgpt-use-average-query-watts-altman-2025-6
[38] Which in July 2025 estimated 2.5 billion prompts every day; Emma Roth, "OpenAI says ChatGPT users send over 2.5 billion prompts every day," *The Verge*, July 21, 2025; https://www.theverge.com/news/710867/openai-chatgpt-daily-prompts-2-billion
[39] O'Donnell and Crownhart, *Ibid.*

electricity.[40] At that point, AI alone could consume as much electricity annually as 22% of all U.S. households.[41]

Just how utilities, regulators, and tech companies will meet this mawing demand is uncertain. New resources must be procured, and new transmission is likely needed to serve this load, all at cost to either ratepayers or the tech companies themselves. Yet given the large uncertainty projected (grey, shaded area in Figure 2), and the lack of transparent data on current and future data center energy needs (See Box 1), projections of future energy demands or estimates of resultant emissions are simply inadequate or inaccurate. This forces energy planners to assemble a puzzle with countless missing pieces.

Box 2: A Primer on CA's System Planning

California energy planning is conducted via layered programs administered by several state entities, chiefly: the CEC, the CPUC, and CAISO. These entities have a memorandum of understanding to provide clarity and specificity in how information and data are transmitted and utilized by each entity. The main planning processes at each organization include:

- The Integrated Energy Policy Report (IEPR) – *CEC* – every 2 years: forecasts all aspects of energy supply and demand. The demand forecast from the IEPR is a primary input for planning at the CPUC and CAISO.
- Integrated Resource Plans (IRP) – *CPUC* – every 2 years: process to ensure long-term resource procurement. Energy purchases are still conducted by individual energy suppliers, but the IRP ensures adequate resources are bought to meet the IEPR forecast and electricity sector greenhouse gas goals. Serves as a primary input for planning at the CAISO.
- The Transmission Planning Process (TPP) – *CAISO* – annually: estimates the transmission infrastructure needed to match the IRP portfolio provided annually by the CPUC with the demand forecast provided by the CEC. Once the final TPP is approved by the CAISO Board, the resulting approved infrastructure begins the development process, including permitting, licensing, and competitive solicitations as applicable.

III. Predicting the Unpredictable.

Last Wednesday, January 21, 2026, the California Energy Commission (CEC) adopted their energy demand forecast for 2025-2045.[42] This forecast is foundational for resource procurement and system planning in the state, as the output of the forecast feeds into sequential planning streams at the CPUC and California Independent System Operator (CAISO),[43] as detailed in Box 2. In other words, the forecast is critical in determining how much energy generation to require utilities to purchase, where to upgrade power lines, and how to prevent future blackouts.

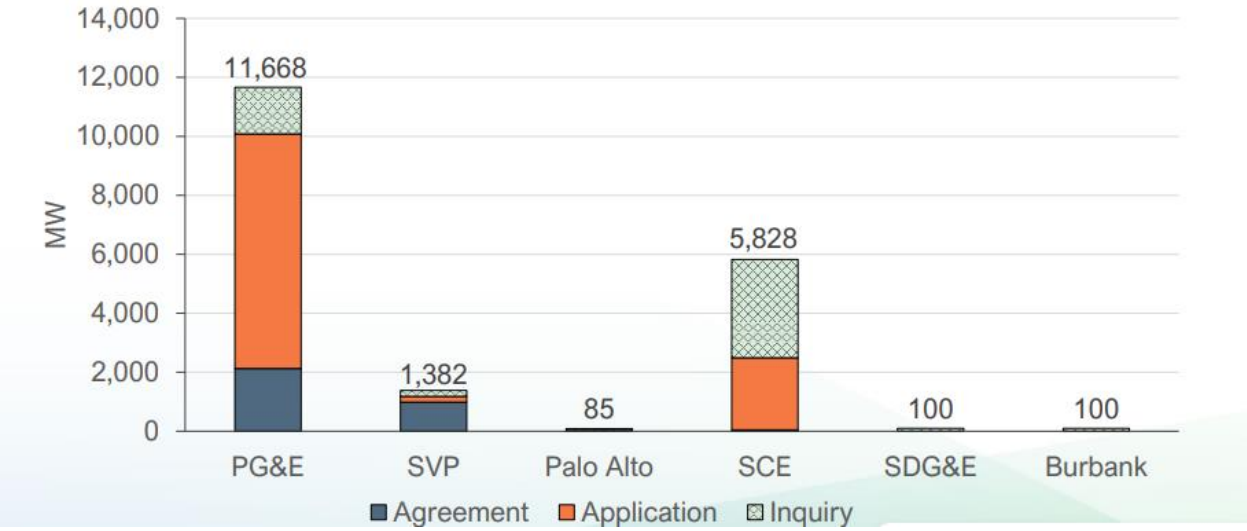
The *2025 IEPR* provides electricity and gas demand forecasts which reflect expected impacts from economic projections, including data center growth, electric vehicle adoption, and other inputs.[44] The final 2025 adopted plan anticipates almost 20 GWs of load growth over the next 20 years in

[40] Shehabi, Arman, et al. "2024 United States Data Center Energy Usage Report." December 2024, Lawrence Berkeley National Laboratory, Berkeley, California. LBNL-2001637; https://eta-publications.lbl.gov/sites/default/files/2024-12/lbnl-2024-united-states-data-center-energy-usage-report_1.pdf
[41] O'Donnell and Crownhart, *Ibid.*
[42] Item 6, CEC Business Meeting Agenda, January 21, 2026; https://efiling.energy.ca.gov/GetDocument.aspx?tn=268217&DocumentContentId=105381
[43] a non-profit public benefit corporation regulated by the Federal Energy Regulatory Commission (FERC) who maintains operational control of ~80% of the state's transmission grid.
[44] CEC, "Resolution of the CEC Adopting the California Energy Demand Forecast, 2025-2045," https://www.energy.ca.gov/filebrowser/download/9208?fid=9208

CAISO's area, with close to 5 GWs arising from data centers. While significant, the adopted forecast shows a downward adjustment of almost 5 GWs by 2040 between the *2024*[45] and *2025 IEPRs*, largely due to the treatment of data centers' "known loads" in the 2025 models. If "known loads" are included, the peak forecast swells by almost 10 additional gigawatts by 2045 – a significant range of uncertainty.

All Models are Wrong, But Some are Useful.[46] As reported in *Politico*, Nick Fugate, the CEC's lead forecaster, has noted that uncertainty "has increased significantly" in the last few IEPRs.[47] "Known loads" are new inputs into the *2025 IEPR* modeling, and are based on IOU-submitted project-level information, including energization requests and expected in-service dates. As shown in Figure 3, significant uncertainty exists around these known load requests.[48] Because these known loads lack a historical record within the CEC, the final 2025 forecast "Set Agreement" between the CEC, CPUC, and CAISO declines to advance the forecast with the known load values. Instead, the "Set Agreement" notes the CEC staff will review historical known loads throughout 2026 to "confirm assumptions informed by the IOUs" and "will continue to monitor data center applications for energization…"[49]

Figure 3. Capacity Requests, as reported to the CEC from each utility as of August 2025.[48] (Key: PG&E = Pacific Gas & Electric; SVP = Silicon Valley Power; SCE = Southern California Edison; SDG&E = San Diego Gas & Electric)



Interestingly, the adopted 2025 agreement permits the use of known loads to inform local transmission planning at the CAISO but not reliability planning at the CPUC.[50] Parties representing large energy users, including data centers, have raised concern that this bifurcated inclusion of known loads will likely be "insufficient to serve projects."[51] However, the "Set

[45] ~ 67 GWs anticipated by 2040 in the *2024 IEPR* (pg. 38, https://efiling.energy.ca.gov/GetDocument.aspx?tn=266141) versus ~62 in the *2025 IEPR* (slide 9, https://www.energy.ca.gov/filebrowser/download/9328?fid=9328)
[46] Quote largely attributed to statistician George Box.
[47] Noah Baustin, "California's new grid hog isn't who you think," *Politico*, January 21, 2026; https://www.politico.com/newsletters/california-climate/2026/01/21/californias-new-grid-hog-isnt-who-you-think-00740515
[48] Slide 5, presentation by CEC Manager of Demand Analysis Heidi Javanbakht to the Little Hoover Commission, December 11, 2025; https://lhc.ca.gov/wp-content/uploads/5-Heidi-Javanbakht-CEC.pdf
[49] Pg. 6, CEC, "Single Forecast Set Agreement," 2025 IEPR Forecast Supporting Documentation, filed January 23, 2026; https://efiling.energy.ca.gov/GetDocument.aspx?tn=268288&DocumentContentId=105461
[50] Pg. 7, CEC Set Agreement, *Ibid.*
[51] Meredith Alexander, "Comments on the 2025 IEPR Draft Electricity Demand Forecast," January 9, 2026; https://efiling.energy.ca.gov/GetDocument.aspx?tn=268213&DocumentContentId=105376

Agreement" notes the CEC will closely monitor known load energizations throughout 2026, with the possibility of intervention in advance of 2027 should load growth outpace current forecast expectations.

While the demand forecast is independent of system cost, significant financial consequences do exist if the models prove grossly inaccurate. For instance, if the known loads were included in the planning forecast, at the current CPUC resource adequacy benchmark of $11.53/kilowatt-month,[52] the cost impact to serve that known load is in the range of $500 million for 2026-2027.[53] This is a significant cost impact, especially given the uncertainty of whether this load will even materialize to pay for these costs.

The Ghost in the Model. Within the PJM Interconnection[54] – the largest power grid operator in the U.S., serving approximately 67 million customers from Chicago to New Jersey, including the "data center alley" of Northern Virginia – forecasted load growth has emerged as a key driver in utility cost surges over the last year. According to PJM's Independent Market Monitor, load growth from new data centers was responsible for roughly $9.3 billion of the $14 billion regional capacity market bill for 2025-26, with costs escalating further over the next 2 years. PJM is also projecting an additional $10+ billion in transmission expenditures, largely caused by data centers.[55]

Yet many stakeholders are raising concern that these projections are inflated, with PJM recently adopting stricter vetting for its data center load forecast in response.[56] When projected energy demand doesn't materialize, it is colloquially termed "ghost load." Grid planners may see "ghost load" for several reasons. Data center developers often forum shop across multiple states and utility territories at the same time, looking for the best tax incentives, access to land, quick electrical hookups, and favorable regulatory conditions. Because utilities plan for and report this potential load individually, the same data center can be counted multiple times across different jurisdictions – even if it is never ultimately built. Utilities and transmission operators then make investment decisions based on these projections and report them to their grid planners. Those planners, in turn, use the inflated estimates to procure capacity and plan new transmission, which can drive higher electricity costs for customers.

In response to the emergence of "ghost loads," various states have adopted strategies to make developers provide more upfront investments before utilities spend any ratepayer money. In Illinois, developers are required to provide a $1 million deposit.[57] In Indiana and Ohio, long-term take-or-pay contracts are required where developers pay for at least 85% of the transmission service they request for at least 10 years, even if their actual usage is less.[58] And recently FERC ordered the PJM Interconnection to update its tariff to provide for interconnection of customers serving co-located load (i.e., data centers with onsite generation).[59] This FERC order largely

[52] Table 2, CPUC, "Market Price Benchmark Calculations 2025," October 1, 2025; https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/community-choice-aggregation-and-direct-access/2025-mpbs.pdf
[53] using an ~18% planning reserve margin, estimating ~$465-$565 million in additional cost
[54] "PJM" comes from the original name: the "Pennsylvania-New Jersey-Maryland Interconnection"
[55] IMM for PJM, "Analysis of the 2027/2028 RPM Base Residual Auction Part A," January 5, 2026.
[56] Ethan Howland, "PJM trims near-term load forecast on stricter data center vetting, economic outlook," *Utility Dive*, January 15, 2026; https://www.utilitydive.com/news/pjm-interconnection-load-forecast-data-centers/809717/
[57] John Pletz, "AI gold rush fuels ComEd crackdown on data center speculators," *Chicago Business*, June 24, 2025; https://www.chicagobusiness.com/utilities/comed-seeks-bigger-deposits-ai-era-data-centers
[58] Nick Evans, "Ohio Manufacturers' Association challenges new utility billing for data centers," *Ohio Capital Journal*, November 13, 2025; https://ohiocapitaljournal.com/2025/11/13/ohio-manufacturers-association-challenges-new-utility-billing-for-data-centers/
[59] FERC Order to PJM, December 18, 2025, Docket EL25-49-000; https://www.ferc.gov/media/e-1-el25-49-000-0#

paves the way for the "Bring Your Own Generation" pathway under consideration at the PJM Board.[60]

Implementing these policies at the state level has been shown to lead to immediate reduction in ghost load within a given state. In Ohio, for instance, AEP Ohio saw a 50% decrease in projected load upon implementing its large load tariff.[61] In California, PG&E's Rule 30 tariff application includes some of these reforms – such as minimum demand charges, early termination fees, and paying upfront some of the costs to interconnect.[62] However, the PAO and others have recommended additional modifications to Rule 30 to ensure maximum ratepayer protections.[63]

IV. Narrow Tolerances, Abrupt Drops.

On July 10, 2024, a device that protects electrical systems from damage during lightning strikes – a "lightning arrestor" – failed, resulting in a fault on a 230-kilovolt transmission line in the Eastern Interconnection. The transmission line was set up to automatically attempt restarting three times from each end of the line after a fault. Because both ends of the line were doing this, the line repeatedly shut off and restarted, causing six brief faults in just over a minute. The protection system worked as designed by detecting each fault and eventually (in 82 seconds) safely shut off the line. Nothing about the behavior of the transmission line's protective equipment was unusual.

What was unusual was at the same time and near the same area, approximately 1.5 GWs of load dropped off the grid. As reported by the North American Electric Reliability Corporation's (NERC) investigation of the event, none of the load was disconnected from the system by utility equipment; rather, the load was disconnected by the customer, specifically data center customers.[64] NERC concluded that a protective/control scheme on the data centers' uninterruptible power supplies (UPS) – which are generally either power electronics that switch load to a battery bank or a flywheel that switches load to a diesel engine – was set to a particularly sensitive setting, causing over a gigawatt of load to drop off the grid and remain off for hours.

While grid operators had to act to stabilize the system following this load drop, the disturbance did not result in significant operational issues. However, NERC notes similar incidents have occurred in other interconnections with both cryptocurrency and oil and gas loads.

While CAISO, and many other grid operators, routinely plan for the sudden loss of large electric supply,[65] little planning has been done nationwide to manage the sudden loss of such significant load.[66] NERC recommends in its Incident Report that transmission operators enter into

[60] Joint Governor's Joint Proposal for CIFP LLA, November 5, 2025; https://www.pjm.com/-/media/DotCom/committees-groups/cifp-lla/2025/20251106/20251106-item-04h---joint-dcc-and-governors-proposal.pdf
[61] Zachary Jarrell, "AEP Ohio cuts its data center demand forecast in half," *Biz Journal*, September 25, 2025. https://www.bizjournals.com/columbus/news/2025/09/25/aep-ohio-data-center-demand-forecast.html
[62] A. 24-11-007; "Application of PG&E for Approval of Electric Rule No. 30 for Transmission-level Retail Electric Service," filed November 21, 2024. https://docs.cpuc.ca.gov/PublishedDocs/SupDoc/A2411007/7851/547330908.pdf
[63] Akiya and McCormack," Public Advocates Office Opening Brief," A. 24-11-007, October 24, 2025; https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M584/K972/584972803.PDF
[64] Pg. 2, NERC, "Incident Review: Considering Simultaneous Voltage-Sensitive Load Reductions;" January 8, 2025; https://www.nerc.com/globalassets/our-work/reports/event-reports/incident_review_large_load_loss.pdf
[65] For CAISO, this single contingency is the loss of the Diablo Canyon nuclear power plant. WECC rules require 6% contingency reserves for this loss. CAISO also requires electrical entities to maintain an additional 9% in reserves to account for other potential plant outages or higher-than-average peak demand, leading to a total 15% planning reserve margin.
[66] CAISO, "California ISO Planning Standards," February 2, 2023; https://www.caiso.com/Documents/ISO-Planning-Standards-Effective-Feb22023.pdf

agreements with large load customers to ensure better coordination when reconnecting their systems. CAISO is already exploring various "ride-through" characteristics of various customer types and evaluating the potential impacts of on-site generation supporting these large loads on the transmission grid.[67]

V. Sustainability Goals and Procurement Options.

Many hyperscalers have continued to uphold corporate sustainability commitments even as AI-related computing demand has surged, channeling investment not only into nuclear power but also emerging clean energy technologies and carbon capture. [68] Big tech firms seem to be single-handedly reviving the U.S. nuclear energy market, with nuclear project announcements ranging from Meta[69] to AWS[70] to Microsoft's famous restart of Three Mile Island.[71] As data center electricity demand grows, these commitments could help support further investment in underdeveloped carbon-free resources, though translating this potential into durable systemwide benefits is not guaranteed.

In 2024, Microsoft touted an agreement for 10.5 GWs of new renewable capacity in the U.S. and Europe, a scale Microsoft reported as "almost eight times larger than the largest corporate power purchase agreement (PPA) ever signed."[72] While this generation does not directly power its operations, Microsoft also reported an agreement with Powerex to match hourly demand at a Washington datacenter with direct deliveries of carbon-free power on a 24-hour basis throughout the year.[73]

Microsoft is hardly alone in these sustainability achievements. Amazon has committed to matching all the electricity consumed by its operations with 100% renewable energy, a goal it achieved 7 years early in 2023. Amazon achieved this by investing billions in global solar and wind projects, as well as providing on-site solar directly on Amazon buildings.[74] While commendable, this investment does not mean Amazon's operations are directly powered by renewable energy. Instead, an equivalent amount of renewable electricity is delivered to the grid and credited through accounting mechanisms.

Even with this approach, Amazon's sustainability report shows that emissions from its direct operations increased by 7% in 2023, and its overall carbon footprint has grown by 34% since 2019.[75] Recent reporting from *S&P Global* noted "carbon-emitting sources have supplied 20%-

[67] Pgs. 4-5, CPUC, "California Data Center Development & Energy Needs: FAQs," 12.22.2025.
[68] Spencer Kimball, "Exxon in advanced talks to power AI data centers with natural gas and carbon capture," *CNBC*, October 31, 2025; https://www.cnbc.com/2025/10/31/exxon-ai-data-center-natural-gas-carbon-capture.html?msockid=3f21a963703c6fbc1a35bfda71ff6eac
[69] Meta newsroom, "Meta Announces Nuclear Energy Projects, Unlocking Up to 6.6 GW to Power American Leadership in AI Innovation," January 9, 2026; https://about.fb.com/news/2026/01/meta-nuclear-energy-projects-power-american-ai-leadership/
[70] US EIA, "Data center owners turn to nuclear as potential electricity source," *Today in Energy*, October 1, 2024; https://www.eia.gov/todayinenergy/detail.php?id=63304
[71] Casey Crownhart, "Why Microsoft made a deal to help restart Three Misle Island," *MIT Technology Review*, September 26, 2024; https://www.technologyreview.com/2024/09/26/1104516/three-mile-island-microsoft/
[72] Bobby Hollis, "Accelerating the addition of carbon-free energy: An update on progress," *Microsoft blog*, September 20, 2024; https://www.microsoft.com/en-us/microsoft-cloud/blog/2024/09/20/accelerating-the-addition-of-carbon-free-energy-an-update-on-progress/
[73] Powerex press release, "Powerex announces agreement to provide 24x7 hourly matching of carbon-free energy to Microsoft," June 2023; https://powerex.com/sites/default/files/2023-06/Powerex%20Announces%20Agreement%20with%20Microsoft%20for%2024x7%20Carbon-Free%20Energy.pdf
[74] Amazon, "Amazon meets 100% renewable energy goal 7 years early;" *Amazon News*, last updated August 14, 2025; https://www.aboutamazon.com/news/sustainability/amazon-renewable-energy-goal
[75] *2023 Amazon Sustainability Report*; https://sustainability.aboutamazon.com/2023-amazon-sustainability-report.pdf

35% of incremental power demand from Google and Microsoft."[76] As a demonstration of this surge in carbon-emitting sources, current wait times for new gas-fired turbines can be as long as 7 years, with costs likewise escalating, due to high demand from data centers.[77]

As the resource mix changes, hyperscalers are also shifting procurement strategies, moving from traditional PPAs to direct capacity investments, such as Google's $4.75 billion acquisition of Intersect.[78] Activity amongst the largest hyperscalers suggest a willingness to spend liberally, so long as the needed energy and capacity are readily available. There currently exist a wide spectrum of procurement options for data centers, ranging from fully off the grid to cost-of-service ratemaking under an existing – or updated – industrial tariff. A list of these various options was produced as part of a December 2025 report by E3 and is reproduced as Table 1 below.[79]

Table 1. Sampling of Rate and Contract Design Options, with comparison of values. Key: tilde = partial utility service, check= full utility service; green = high, yellow = medium, and red = low score of the listed value.[80]

Contracting Options	Definition	Utility service	Promotes Data center Growth	Risk Burden on Utility (U) or Developer (D)?	Protects Existing Customers	Shared Infrastructure Needed	Potential Ratepayer Benefits	Relative Ease of Implementation
Behind-the-Meter	Load co-located with generation, islanded/off-grid			D				
Wholesale Customer	Transmission-level customer with minimal utility service	~		D				
Physical PPA	Customer contracts with developer for physical power, utility provides T&D	✓		D				
Virtual PPA	Customer contracts for	✓		D				

[76] B. Brunettil, et al., "Hyperscaler procurement to shape US power investment," *S&P Global*, December 19, 2025; https://www.spglobal.com/sustainable1/en/insights/special-editorial/hyperscaler-procurement-to-shape-us-power-investment
[77] Jared Anderson, "US gas-fired turbine wait times as much as seven years; costs up sharply;" *S&P Global*, May 20, 2025. https://www.spglobal.com/energy/en/news-research/latest-news/electric-power/052025-us-gas-fired-turbine-wait-times-as-much-as-seven-years-costs-up-sharply
[78] Alphabet Investor Relations, "Alphabet Announces Agreement to Acquire Intersect to Advance U.S. Energy Innovation," December 22, 2025; https://abc.xyz/investor/news/news-details/2025/Alphabet-Announces-Agreement-to-Acquire-Intersect-to-Advance-U-S--Energy-Innovation-2025-DVIuVDM9wW/default.aspx
[79] E3, *Tailored for Scale: Designing Electric Rates and Tariffs for Large Loads*, December 2025; https://www.ethree.com/wp-content/uploads/2025/12/RatepayerStudy.pdf
[80] Figures 7 and 8 (pg 17-18) in E3 *Tailored*, *Ibid.*

	renewable energy credits with no physical delivery of power							
Semi-Islanded/Non-firm	Interruptible service, supplemented with on-site generation	~		D				
Rolled-in Incremental	New infrastructure costs are rolled into existing rate structure and thus spread across all customers.	✓		U				

As mentioned above, data center developers have been trying out these various procurement arrangements throughout the U.S. In California, activity has largely centered on individual project-by-project review for energization cost allocation, and traditional C&I tariffs for rate design. Other options listed in Table 1 are limited in California, such as the physical PPA design, which is subject to a statutory kWh limit and rarely open to new entrants.[81]

While data centers currently favor energization speed and build out, eventually the industry is likely to prioritize cost-effective energy arrangements to ensure continued growth; in which case alternate rate and contract designs will likely be explored more. For instance, under the right market conditions, one can envision data centers under existing IOUs energization agreements, exiting those agreements and turning to large amounts of on-site generation. The consequences of having large, heavily resourced firms seeking such alternate arrangements could be significant.

When the Backup Becomes the Main Act. It is also unclear, as hyperscalers are developing more fossil resources nationwide, whether that trend will also emerge in California. The CEC has exclusive authority to certify thermal power plants of 50 MW or more in California. The last natural gas plant the CEC permitted was in 2017;[82] however, they have consistently authorized (via an exemption) diesel backup generating facilities co-located with data centers. Under the Small Power Plant Exemption (SPPE) process, applicants proposing facilities between 50 and 100 MW may seek an exemption from CEC certification. The CEC may grant an SPPE if it determines that the project would not result in significant adverse impacts to the environment or energy resources. If an exemption is granted, local land use authorities and other permitting agencies, such as the local air district, assume jurisdiction and act as responsible agencies under the California Environmental Quality Act (CEQA), conducting any additional environmental review required for their approvals.

Since the establishment of the SPPE process in the 1980s, the CEC has provided a total of 36 SPPEs, including 17 for data centers' backup power generation. All the SPPE applications filed since 2011 have been for backup generating facilities serving data centers, and all but one of the

[81] Public Utilities Code §365.1
[82] Huntington Beach Energy Project; https://www.energy.ca.gov/powerplant/combined-cycle/huntington-beach-energy-project

17 data center exemptions were provided for diesel generator systems.[83] Fuel costs, fuel availability, and energy capacity shape the selection of diesel generators over lower and zero-emitting backup power systems.

The CEC's power plant siting authority was designed to provide a transparent and predictable certification process, including meaningful opportunities for public participation and consideration of alternatives under CEQA. By contrast, projects approved through the SPPE offer limited formal opportunities for stakeholder engagement, and the program was not designed 40 years ago with today's large, data center–driven power systems in mind. Moreover, data centers in the state have concentrated within small, densely urban geographic areas, primarily in the Silicon Valley; as a result, these SPPEs may disproportionately impact certain communities near large population centers, increasing local air pollution concerns. *Given the scale and pace of data center expansion, the joint committee may wish to consider whether the SPPE remains the right pathway for authorizing these facilities.*

Moreover, as data center developers begin to embrace flexible demand in exchange for faster connectivity[84] – such as what is proposed in the recent FERC Advance Notice of Proposed Rulemaking (ANOPR)[85] – the potential for increased diesel usage could rise, adversely affecting local communities. Data centers have traditionally been considered inflexible loads, operating 24/7 to provide constant service such as cloud storage. However, certain AI workloads, such as AI training and machine learning are less time-sensitive than traditional data center workloads and can tolerate brief interruptions.[86] The promise of flexible data center demand is that users capable of reducing their grid usage, especially during periods of peak energy usage, could significantly reduce resource and infrastructure needs. However, just because a data center goes off the electric grid doesn't mean it goes dark. Depending on how rules for data center demand flexibility are written, data centers could still be considered flexible by switching their operations to their backup diesel units, greatly increasing their emissions. *The joint committee may wish to ask panelists what protections could be developed to ensure encouraging flexible demand at data centers does not inadvertently lead to overuse of onsite diesel backup generators.*

VI. Cost.

"Every houseguest brings you happiness – some when they arrive, and some when they are leaving."[87]

Imagine roommates sharing an apartment who split rent and utilities evenly. When a new roommate moves in, if the new roommate pays at least their share of the added costs – utilities, wear and tear, groceries – the original roommates aren't paying extra. If the new roommate pays less, the existing roommates subsidize them. If the new roommate covers not only their own costs but also contributes to fixed expenses like rent, everyone's share goes down. Fairness

[83] https://www.energy.ca.gov/programs-and-topics/topics/power-plants/power-plant-compliance-and-siting
[84] Norris, T. H., T. Profeta, D. Patino-Echeverri, and A. Cowie-Haskell. 2025. *Rethinking Load Growth: Assessing the Potential for Integration of Large Flexible Loads in US Power Systems.* NI R 25-01. Durham, NC: Nicholas Institute for Energy, Environment & Sustainability, Duke University. https://nicholasinstitute.duke.edu/sites/default/files/publications/rethinking-load-growth.pdf
[85] Chris Wright, Letter to FERC to Initiate Rulemaking "…Regarding the Interconnection of Large Loads Pursuant to the Secretary's Authority Under Section 403…", October 23, 2025. https://www.energy.gov/sites/default/files/2025-10/403%20Large%20Loads%20Letter.pdf
[86] Y. Numata, et al., "Fast, Flexible Solutions for Data Centers," *RMI*, July 17, 2025; https://rmi.org/fast-flexible-solutions-for-data-centers/
[87] Aphorism widely attributed to Confucius

suggests a new roommate should at least cover what they add and ideally contribute to existing costs.

The emergence of extensive data center electricity load, driven largely by the growth in artificial intelligence computing, marks a rare opportunity in the energy industry to reassess this contract amongst roommates. A large, well-financed new roommate wants to move in. Ensuring new large loads provide sufficient revenue to meet or exceed the marginal cost of service[88] should protect existing utility customers.

It is the responsibility of the utility to provide electrical service to customers within their territory; known as their "obligation to serve." Traditionally, the costs of providing that service, including potential grid upgrades, are socialized among all customers. However, existing rules for customers seeking to energize at the distribution-level[89] include provisions that reduce risks of stranded costs for ratepayers and require some customers to pay for part of their own energization.[90]

Electric rate design generally rests on the principle that other ratepayers should not pay for upgrades from which they are not beneficiaries. Just how much an existing utility customer may or may not benefit from emergent data center energization is a topic of ongoing debate. Cost to energize new data centers are usually broken down by 1) the cost to connect them to the grid (their "energization" cost); and 2) the cost of continuing to provide them service (their rate schedule). For California's IOUs, the traditional arrangement involves individual project-by-project review of the energization cost,[91] and traditional C&I rate tariffs.

Electric Rule 30. In November 21, 2024, PG&E filed an application at the CPUC to establish a streamlined approach for energizing new transmission-level retail customers.[92] While the application is broad in its definition of "large load customers" that would apply for service under this tariff, the PAO notes 75% of PG&E customer requests to interconnect at the transmission-level in the last two years are from data centers. That represents about 30 data center requests in 2 years, compared to 24 total customer requests for transmission-level service in the prior 8 years (2014-2022).[93] The Electric Rule 30 proposal is solely focused on the energization costs, not a unique large load rate.

Under the proposed Rule 30:

1. Large load customers are required to pay upfront the cost of new interconnection facilities, or the customer can build the facilities herself and transfer ownership to PG&E, if more cost-effective. Costs for upgrades on the existing transmission system would be paid by ratepayers. PG&E states this is due to these facility upgrades benefitting multiple customers as well as advancing California policy initiatives such as electrification.

[88] "Marginal cost of service" generally means the cost to the utility to serve an additional unit of electricity demand at a given time. These are the costs in power markets or the costs to build new infrastructure in serving new load.
[89] CPUC Electric Rules 15 and 16
[90] Essentially, customers are given a set "allowance" which is paid for by all ratepayers. Any costs in excess of the allowance are covered by the individual seeking to energize. The allowances are formula amounts set by the CPUC.
[91] Via "Exceptional Case Filings" such as the recent approval of a 90MW Microsoft data center. https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M590/K889/590889612.PDF
[92] A. 24-11-007
[93] Pg. 2, "PAO Opening Brief," A. 24-11-007, filed October 24, 2025.

2. Large load customers are required to pay the actual costs of interconnection infrastructure, rather than the *estimated* costs, which are traditionally used for residential and commercial customer energization.

3. After the large load customer has received service and is providing revenues, the customer is eligible for a refund of their upfront payments over time. Refunds are based on the revenues produced by the large load customer. Thus, if the customer's load does not materialize, the customer does not receive back its entire upfront payment. A large load customer only receives refunds when it is producing revenues to offset the interconnection infrastructure costs. However, parties have raised that the timing of that repayment should be matched with the timing of the new revenue generated from the customer, such that annual refunds never exceed the net customer revenue.

4. Includes a minimum demand charge, minimum contract term, and early termination fee.

5. Information sharing provisions to facilitate community choice aggregators (CCAs) and PG&E having early notice of potential large load customers and being able to make cost-effective generation resource decisions.

While PG&E notes in its application that these provisions will protect existing ratepayers and ensure the revenues from large load customers result in bill reductions, others within the proceeding disagreed and proposed a number of modifications.[94] In July 2025, the CPUC adopted interim implementation of PG&E's Rule 30, requiring new transmission-level customers to be responsible for all initial costs, deferring decisions on rate recovery and cost allocation until a final decision, and denying PG&E's request for a memorandum account to record accrued interest, among other requirements.[95]

Do Large Loads Mean Lower Rates? The promise of data center energy consumption is alluring: that increased electricity sales from data centers will cover all the new costs to serve those data centers and may even offset existing system costs. Such is the story for other large loads, like transportation electrification (TE), with the California Public Advocates Office (PAO) finding TE "may cause downward pressure on electric rates."[96] The timing can feel almost too perfect: as California undertakes systemwide decarbonization and infrastructure renewal, a new, well-funded customer emerges, apparently willing[97] to shoulder the cost of long-deferred investments. However, as the PAO cautions for TE, and as applies equally to data-center development, "to achieve this downward pressure on rates, effective management of multiple factors will be required, including efficient infrastructure buildout and cost constraints."[98]

Rate design is an essential mitigation tool to ensure costs are not shifted onto other ratepayers. The treatment of large loads under retail ratemaking presents a challenge, as the pace of retail design has traditionally been aligned with smaller, incremental load growth.

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[94] See "PAO Opening Brief," A. 24-11-007, filed October 24, 2025.
[95] D. 25-07-039. CPUC "Decision Partly Granting and Partly Denying Pacific Gas and Electric Company's Motion for Interim Implementation of Electric Rule Number 30," A. 24-11-007, July 24, 2025; https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M574/K875/574875643.PDF
[96] Pg. 14, Public Advocates Office, *Distribution Grid Electrification Model 2025 – Study and Report*, October 2025. https://www.publicadvocates.cpuc.ca.gov/-/media/cal-advocates-website/files/press-room/reports-and-analyses/251030-public-advocates-office-distribution-grid-electrification-model-2025.pdf
[97] Amrith Ramkumar, "Microsoft Makes New Data-Center Pledges After Local Backlash," *The Wall Street Journal*, January 13, 2025.
[98] Pg. 14, PAO October 2025, *Ibid.*

PG&E has provided "extensive analysis" in its Electric Rule 30 application showing that the substantial revenues from large load customers will result in bill reductions for existing ratepayers because fixed costs will be spread over a larger base of customers.[99] While the simplicity of the math is undeniable – larger denominator, smaller overall number – it is unclear if their analysis truly considers all known costs. PG&E's analyses do not appear to be part of the public docket by which the committee might review.

Transmission-level customers, such as large data centers, typically pay rates about 14-17¢ less than distribution-level customers.[100] Distribution rates also contain statewide policy costs, such as wildfire mitigation, net energy metering, and public purpose program costs. Customers connecting at the transmission-level do pay certain distribution costs, including a portion of wildfire-related costs,[101] but not nearly as significantly as distribution-level customers.

The primary way large loads reduce bills for other ratepayers is by (a) minimizing or avoiding infrastructure upgrades that would otherwise be socialized – either by limiting the need for new infrastructure or requiring the customer to pay those costs upfront – and/or (b) ensuring that large-load customers provide stable, long-term revenue over the life of any required upgrades, sufficient to cover not only fixed capital costs but also ongoing operations, maintenance, depreciation, and associated generation procurement costs.

The joint committee may wish to ask panelists how to structure tariffs to balance encouraging economic development while guarding against higher energy costs to existing ratepayers, stranded assets, and negative system impacts.

Conclusions. The ongoing surge of investment into AI data centers has been suggested to be bigger than the buildout of the interstate highway or the dot-com boom. AI-driven data center growth presents California with both a stress and a strategic choice. The scale, speed, and uncertainty of this new load are unlike prior waves of electrification, with the potential to challenge long-standing assumptions embedded in forecasting, planning, cost allocation, and rate design. California's relative insulation to date reflects deliberate policy choices, higher baseline prices, and robust planning institutions; but those advantages are not guaranteed if safeguards do not evolve as rapidly as the load itself. The core question is not whether data centers should be served, but under what terms: who pays, when, and with what risks. If large loads are required to bear the full costs they impose, provide durable and verifiable revenue, and align procurement and operational practices with reliability and climate goals, they could support system investment without burdening existing customers. Absent those protections, the promise of "downward pressure on rates" risks becoming another case of privatized benefits and socialized costs. The task before policymakers is to ensure that California welcomes innovation without repeating the mistakes now playing out elsewhere; and that, when a powerful new roommate moves in, the household is better off, not worse.

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[99] Michael Medieros, "PG&E Written Testimony;" Letter to the Little Hoover Commission; December 8, 2025. https://lhc.ca.gov/wp-content/uploads/PGE-LHC-Written-Testimony.pdf
[100] Pg. 26, "Little Hoover Commission Study to Review Data Centers and California Energy Policy, Pt. II," December 11, 2025. https://lhc.ca.gov/wp-content/uploads/Revised-Commissioner-Information-12-11-25.pdf
[101] Medieros, *Ibid.*

Staff Report Item 13

To:	Ava Community Energy Authority
From:	JP Ross, Vice President Local Development
Subject:	Staff Report updating the Board on the launch of Ava's SmartHome Battery Program
Date:	February 18, 2026

Summary/Recommendation

This Staff Report updates the Board on the launch of Ava's SmartHome Battery Program

Financial Impact

N/A

Analysis and Context

Ava has allocated $15M to the SmartHome Battery and Resilience Hub initiative. The Board approved the Program Design and Budget at the November 2025 Board meeting. Staff will provide an update on the launch timing and activities of the SmartHome Battery program.

Attachments

A. Presentation: SmartHome Battery Pre-Launch Update

Ava Community Energy

SmartHome Battery & Resilience Hubs Updates

February 2026

JP Ross, VP Local Development

Agenda

- Program Overview
- Launch Timing
- Installer and Customer Engagement
- Ava's Virtual Power Plant (VPP)
- Resilience Hubs

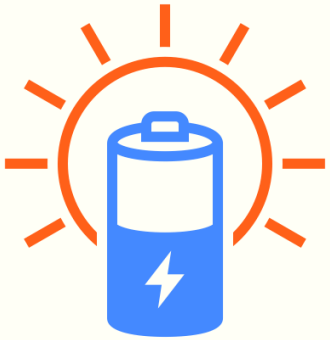
Program Goals, Audience and Learning

Program Goal

- Deploy $15M in upfront and ongoing incentives that support community resilience, adding up to 21MW of dependable powered batteries to our community Virtual Power Plant (VPP).

Program Audiences

- Residential Customers – SmartHome Battery
  - Income qualified (CARE/FERA)
  - General Market
- Resilience Hubs



Program Learnings

- Enhance our understanding of how to reliably manage and grow battery aggregations
- Understand what is needed to deploy Community Resilience Hubs

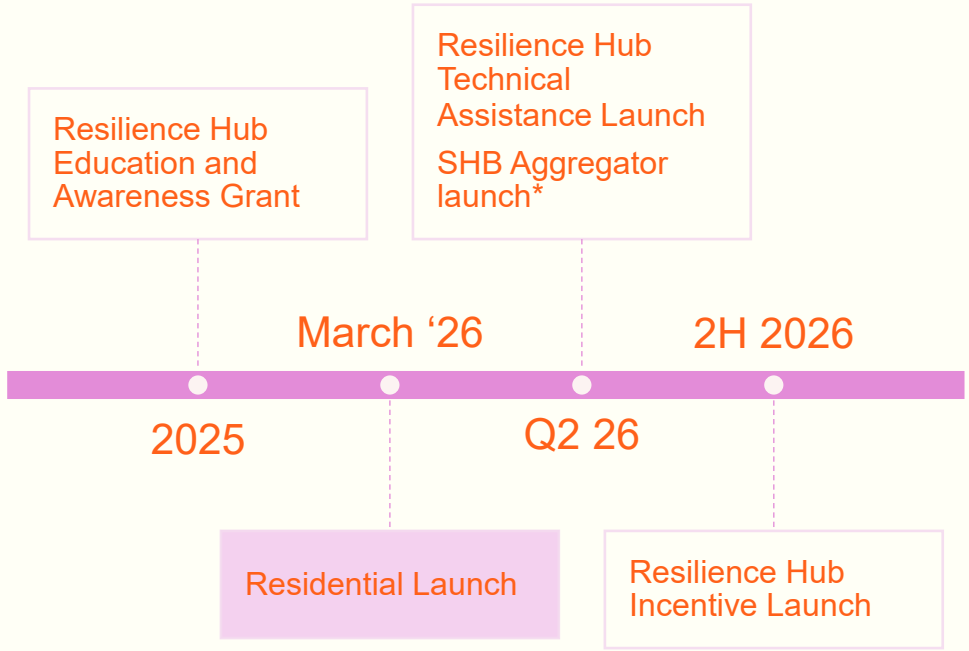
SmartHome Battery + Resilience Hubs Launch Timing

SmartHome Battery (Residential Customers)

- March 2026: Program opens for newly installed solar and battery systems
- April 2026: Program opens for customers with existing solar and battery storage systems
- Q2/3 2026: Program opens for customers whose batteries are owned by aggregators pending aggregator execution of a participation agreement with Ava.

Resilience Hubs

- January 2026 onward: Resilience hub recruitment for Technical Assistance
- Q2: Technical Assistance available for Resilience Hubs
- 2H 2026: Targeting Resilience Hub Incentive launch



SmartHome Battery Installer and Customer Engagement

Installer Engagement

Ava is engaging with installers to both raise awareness and support installers to learn how to enroll customers in SmartHome Battery.

Activities include:

- Virtual Installer Informational Webinar (January 30)
- In-person Installer Training 1 in Oakland (February 25)
- Two in person additional installer trainings (Forthcoming in 2026, across service area)
- Engagement with California Solar and Storage Association (CALSSA)

Customer Engagement

Ava will announce SmartHome Battery launch across our owned channels and across key stakeholders. Installers will be the main channel.

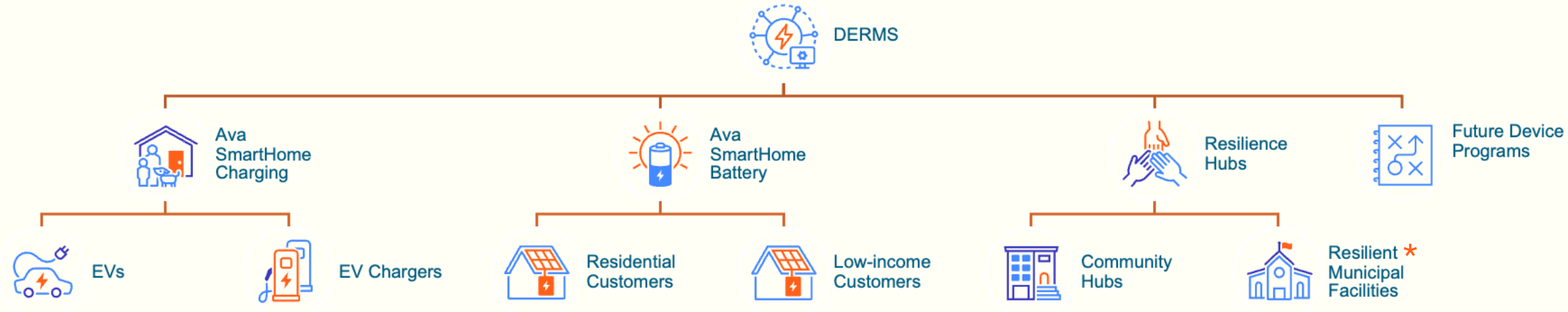
Activities include:

- Posts on Instagram, Facebook, Bluesky, and LinkedIn
- Inclusion in *Direct Current* Newsletter and *CEO's Desk* Newsletter
- Social/email content to share with Munipals
- Inclusion in the community-based organization newsletter
- Press Release

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).

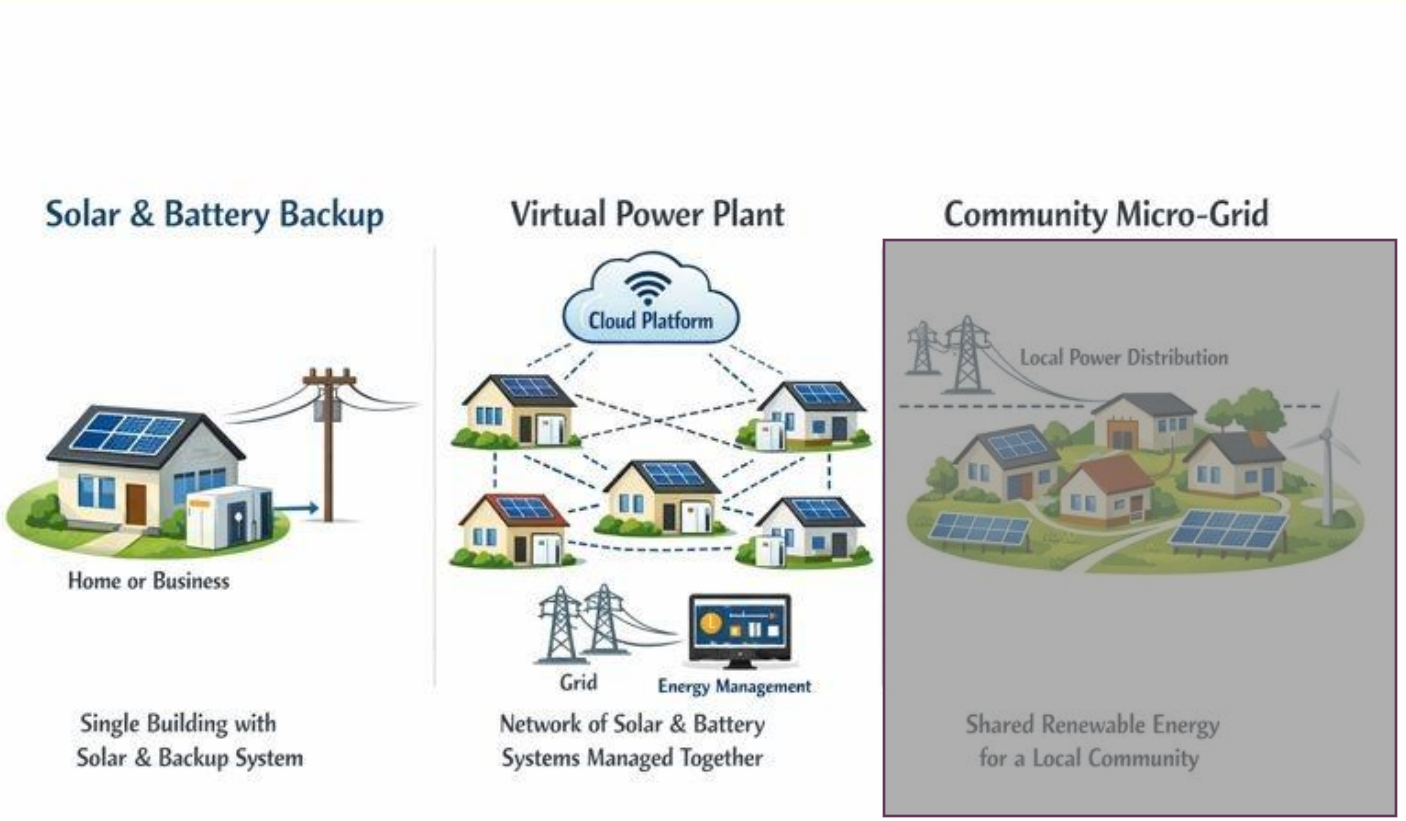
Residential solar/battery projects will be part of Ava's Virtual Power Plant (VPP).



*Eight CMF projects not eligible for incentives

Ava's Virtual Power Plant

- Ava is working to add as many options as possible for customers to choose equipment.
- Initially Resilience Hubs will not be required to enroll in Ava's VPP based on lack of participation from commercial battery and inverter OEMs
- The SmartHome Battery program will launch with Tesla and Lunar batteries. Agreements with several other OEMs are underway and expected to be available within a quarter of program launch.
- Integrating batteries with a DERMs requires work from OEMs, can take up to 2 months, and requires extensive testing.
- Once operational maintaining battery connectivity requires constant reporting.



*Ava's VPP and Resilience Hubs will not be Community Micro-Grids

Community Resilience Hub Initiative Review

Objective: Understand the unique needs of community sites and provide them with resources, technical assistance, and incentives to develop local Resilience Hubs.

Community Outreach and Site Identification ($300k)

Underway:

- ✓ Case Studies
- ✓ Resilience Readiness Tool
- ✓ Held 3 workshops with >150 registered participants and 26 CBOs to gather feedback
- ❑ Will lead 3 Community outreach to identify interested sites
  - ✓ One session complete 1/26

Emerald Cities COLLABORATIVE

Technical Assistance ($2M)

Forthcoming Q2:

- Resilience project sizing and feasibility assessment
- Contactor bid reviews
- Available grants and incentives
- Additional services as needed include: site visits, technical contract agreement review, EV charging assessment

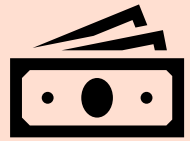
NV5

Incentives ($3.75M)

Forthcoming 2H 2026:

- Upfront incentive
- Waitlist for projects as they install equipment
- Incentive payment
- Potential for Ongoing VPP incentives with battery OEM integrations

Ava Community Energy



Thank you!

Ava Community Energy

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