



## CEO Report Item 8

**TO:** Ava Community Energy Board of Directors  
**FROM:** Howard Chang, Chief Executive Officer  
**SUBJECT:** CEO Report (Informational Item)  
**DATE:** March 18, 2026

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### **Recommendation**

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

### **Executive Committee Meeting**

An Executive Committee Meeting was held on Wednesday, March 4, 2026. Members received updates about the Conference Sponsorship Policy for Board Members and a proposal to replace Ava's legal Trustee / Custodian for its prepay transactions. The next meeting will be held on Wednesday, April 1, 2026 at 3 pm.

### **Marketing Regulatory and Legislative Subcommittee Meeting**

A Marketing Regulatory and Legislative Subcommittee Meeting was held on Friday, March 6, 2026. Members received updates about regulatory and legislative priorities and Ava's outreach strategy. The next Marketing, Regulatory and Legislative Subcommittee meeting will be held on Friday, April 10, 2026 at 10 am.

### **Credit Rating**

Ava had its "A" credit rating from Standard & Poor's ("S&P") affirmed in late February. S&P noted various credit strengths in their report:

- Ava has a deep customer base, with residential customers responsible for about 40% of kilowatt-hour sales, enhancing revenue stability;
- Protective joint powers agreements with member communities, requiring a departing member to provide six months' notice, receive Ava board approval, and make the CCA whole for any costs incurred to serve that member signed prior to its departure, which we believe is a disincentive for a member community to terminate its membership in Ava;
- Diverse power supply arrangements with a variety of contract types, geographic locations, generation technologies, and storage capabilities;
- Robust financial performance, including historical fixed-cost and imputed charge coverage (FCC) averaging 1.4x over the past three years, and strong liquidity at the end

of fiscal 2025 with expected liquidity remaining healthy in each of the next five years after board approved rate changes to mitigate exposure to PCIA reform; and

- Lack of debt, enhancing the CCA's financial flexibility.

S&P did acknowledge the challenging regulatory environment and exposure to further PCIA reform as a risk to Ava competitiveness. They also noted uncertainty on power procurement targets from changes to load profiles and the need to balance renewable mandates with the need for reliable baseload energy, as risks that Ava must operate through.

### **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.

The first notification is being sent via letter and email throughout March. The second pre-enrollment notice will go out in April.

Ava's outreach started 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

Sample communications below:



*Latino Times magazine ad for March issue*



Digital ad creative running on Facebook, Instagram, and Google

### **Key Federal Policy Updates**

- ***Endangerment Finding Repeal:*** On February 12, the Trump Administration issued a [final rule](#) rescinding the Endangerment Finding, a 17-year-old Environmental Protection Agency (EPA) determination that provides the legal justification for the federal government to regulate climate change-causing greenhouse gas (GHG) emissions under the Clean Air Act (CAA). The repeal concludes that the CAA gives the EPA authority to control only air pollution that causes direct health effects through local and regional exposure, thus precluding the EPA from limiting GHG emissions that pose more “indirect” harm at the global level in the upper atmosphere. The decision rescinds all existing federal GHG emission standards for passenger cars, light-duty trucks, motorcycles, buses, medium-duty vehicles, and heavy-duty vehicles and engines. [Several groups have since sued](#) the EPA over the repeal, setting up a likely lengthy court battle.
- ***Interim Prohibited Foreign Entity Guidance:*** On February 12, the U.S. Treasury and Internal Revenue Service (IRS) released [interim guidance](#) relating to the Material Assistance and Prohibited Foreign Entity (PFE) provisions included in the energy tax credit changes from last year’s One Big Beautiful Bill Act (H.R.1). Although the guidance is not intended to be comprehensive, it begins to fill in more detail about how taxpayers can calculate whether a new energy project contains too much equipment or components from a PFE (known as a material assistance cost ratio, or MACR) to qualify for federal tax credits, including the clean energy investment and production tax credits (ITC and PTC). Key details include:

  - A five-step process for calculating a project’s MACR and specific examples of how to do so under certain scenarios.
  - Clarifies that while IRS works to release updated safe harbor tables, project owners must use existing [2023-2025 IRS safe harbor tables](#) to identify the discrete manufactured products (MPs) and manufactured product components (MPCs) to include in a project’s MACR calculation, and that taxpayers should

treat the MPs and MPCs identified in those tables as the “exclusive and exhaustive” list for safe-harbor purposes.

- Clarifies that a separate MACR must be calculated for network upgrades associated with a project seeking an ITC. If the network upgrade fails PFE compliance (too much material assistance from a PFE), the project itself can still claim an ITC but cannot include the network upgrade costs in the ITC calculation.
- The agencies expect to publish further guidance later this year, including on what qualifies as a PFE and what constitutes “effective control” by a PFE.
- **SCOTUS Tariff Ruling:** On February 20, 2026, the U.S. Supreme Court [ruled](#) that a significant portion of the import tariffs imposed by the Trump Administration since last January are unconstitutional. The ruling concludes that the President does not have the authority under a specific statute, the International Emergency Economic Powers Act, or IEEPA, to impose tariffs without Congressional approval. This includes the tariffs the Administration imposed on Canada, Mexico, and China, and the “liberation day” tariffs it imposed on all countries. (It does not affect tariffs that were imposed through different statutes, such as those applied to imports of steel, aluminum, and copper.) In response, President Trump [rescinded](#) the tariffs imposed via the IEEPA and instead [imposed a new, temporary 10% across-the-board tariff](#) under a different statute. Neither the court ruling nor the Administration has addressed the question of tariff refunds for importers or consumers.

**Ava in the Community - March**

To raise awareness of Ava’s service, support our community, and connect customers to our offerings, Ava sponsors and staffs events throughout our service territory all year long. Additionally, we also deliver presentations to community groups. Below is a list of upcoming events we’ll be attending between 3/18 and 4/15. Learn more at <https://avaenergy.org/about-ava/meetings-events/events/>

Date	Event	Type	Location
3/17/2026	REXPO Conference	Tabling	Hilton Stockton
3/18/2026	Linden CMAC	Presentation	Unincorporated SJC
3/26/2026	Woodbridge CMAC	Presentation	Unincorporated SJC
3/27/2026	Annual Latina Business Conference	Tabling	Wine & Roses in Lodi
3/28/2026	Newark Family Day	Tabling	Newark Community Park
3/28/2026	Oakland Roots vs Orange County SC (Kids Night Out)	Sponsoring & Tabling	Oakland Coliseum
4/1/2026	Thornton CMAC	Presentation	Unincorporated SJC
4/2/2026	Taste of San Joaquin (Farm Bureau)	Sponsoring	Lodi Grape Festival Grounds

4/3/2026	Habitat for Humanity Free Furniture Giveaway	Sponsoring & Tabling	HFH Oakland ReStore
4/3/2026	Stockton Ports game (Country Rodeo Night)	Sponsoring & Tabling	Banner Island Ball Park
4/17/2026	Stockton Ports game (Disability Awareness Night)	Sponsoring & Tabling	Banner Island Ball park
4/18/2026	Fremont Earth Day	Tabling	Fremont Downtown Event Center
4/19/2026	Stockton Earth Day	Sponsoring & Tabling	Stockton Victory Park
4/25/2026	Ride 4aReason	Sponsoring	Oakland Technical High School
4/25/2026	Tracy Earth Day	Sponsoring & Tabling	Downtown Tracy
4/25/2026	Friends Outside	Sponsoring & Tabling	Stockton Memorial Civic Auditorium
4/25/2026	Berkeley Wild and Scenic Festival and Home Electrification Fair	Sponsoring & Tabling	David Brower Center
4/26/2026	Asparagus Festival	Sponsoring & Tabling	SJC Fairgrounds
4/28/2026	City of Berkeley Climate Corp Fellows Meet and Greet	Presentation	City of Berkeley Office