

Introduction to Asset Ownership

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Ava Community Energy



Asset Ownership Overview



Asset Ownership Strategy

Concept of Asset Ownership

Asset ownership means direct control over energy infrastructure resources instead of relying on third-parties for ownership.

Strategic Benefits

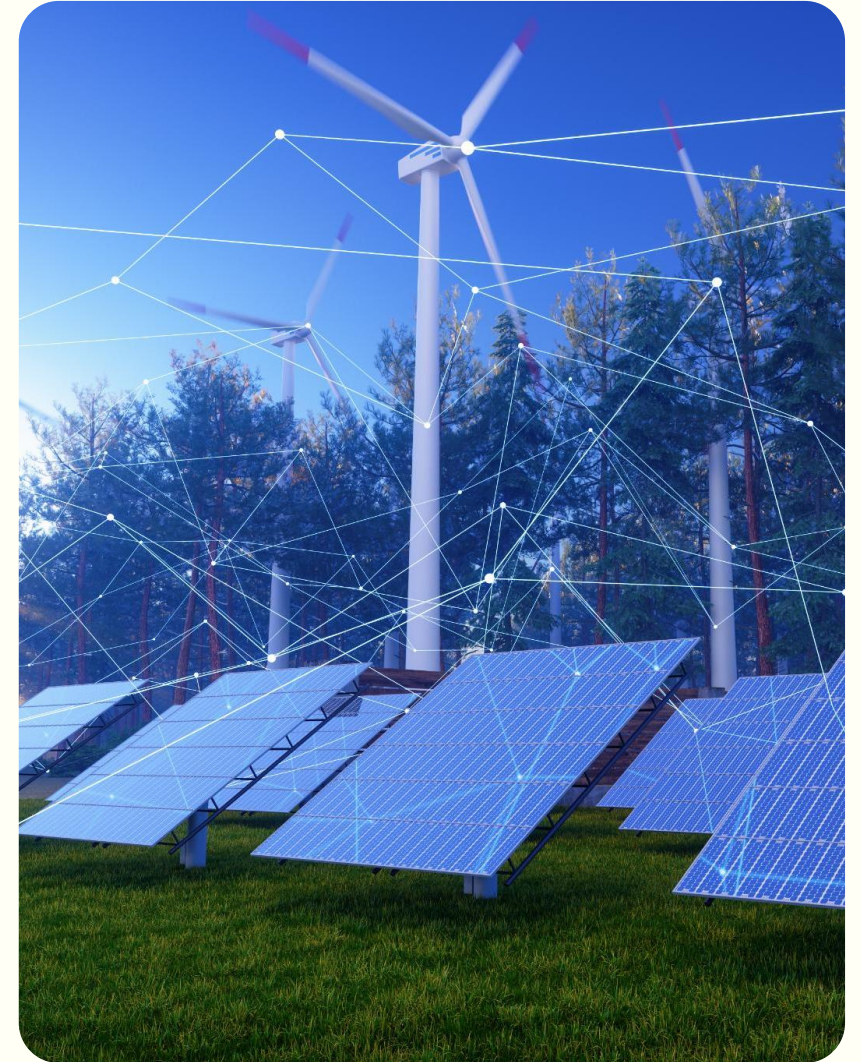
Owning assets allows better project influence, cost management, and alignment with long-term infrastructure goals for risk mitigation.

Exploratory Discussion

This presentation *introduces the topic for feedback* and dialogue without seeking immediate decisions or approvals.

Future Analysis and Alignment

Further analysis and project exploration will build understanding and ensure leadership alignment in a changing market



Purpose of Discussion

Introduction to Asset Ownership

Introducing asset ownership as a strategic option for organizational growth and decision making.

Benefits and Analysis Needs

Outlining potential benefits of asset ownership and identifying areas requiring further analysis and understanding.

Leadership Engagement

Socializing the topic across leadership to invite feedback and build shared understanding on asset ownership.

Strategic Positioning

Positioning the organization to respond effectively to opportunities through early dialogue and capability assessment.

Some “live” project opportunities may be eligible for real consideration over the next few months.

Types of Assets for Ownership



Behind the meter solar & storage

Critical Municipal Facilities



DC Fast Charging Infrastructure

AvaCharge Assets



Wholesale renewable energy generation or storage

In front of the meter solar farms, wind farms, battery storage, etc.



Other Considerations

Transmission, distribution, etc

This presentation is primarily focused on ownership related to wholesale renewable energy generation or storage projects

How Wholesale Generation Is Owned Today

Independent Power Producers (IPPs)

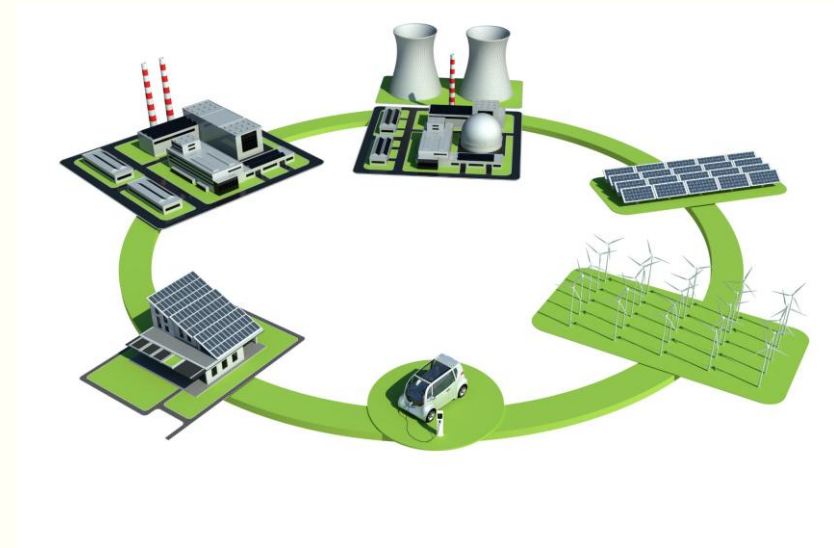
IPPs dominate energy generation with 65%, privately held and funded by equity or venture capital.

Publicly Owned Utilities (POUs)

POUs make up 25%, are not-for-profit and often manage both generation and distribution for local communities.

Investor-Owned Utilities (IOUs)

IOUs form 10%, are for-profit companies shifting focus from generation to transmission and grid management.



Drivers of Third-Party Ownership

Federal Tax Incentives

Investment Tax Credit and Production Tax Credit encourage private investors to own renewable energy assets cost-effectively.

Ownership Dynamics

Utilities often use Power Purchase Agreements instead of direct ownership due to tax credit advantages favoring third parties.

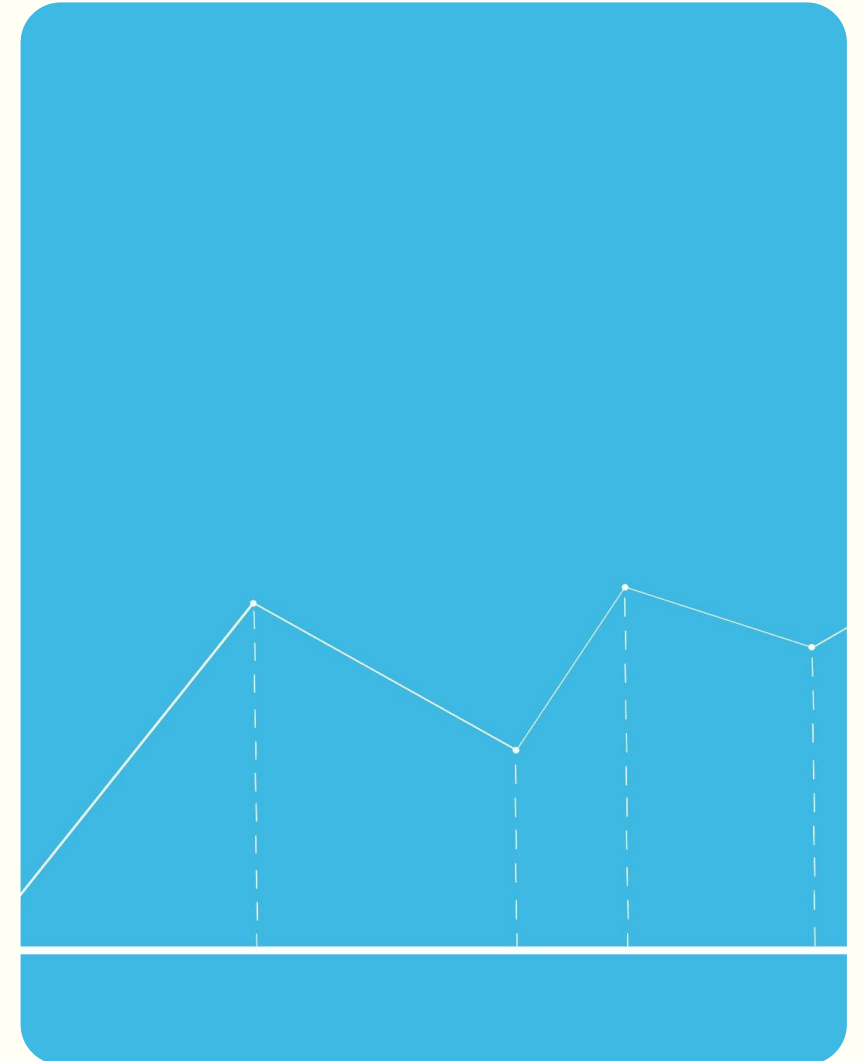
Changing Credit Availability

Phase-out of tax credits will increase project costs and may reduce the benefits of third-party ownership models.

Every ~10% tax equity in a project = \$8-10/MWh price reduction to PPA offtaker.

Future Ownership Strategies

Organizations may need to reconsider asset ownership as economic advantages shift due to evolving tax policies.



Opportunity & Value



Strategic Value of Ownership

Enhanced Control and Oversight

Ownership provides greater control over asset performance, maintenance, and operational priorities, reducing reliance on third parties.

Capturing Residual Asset Value

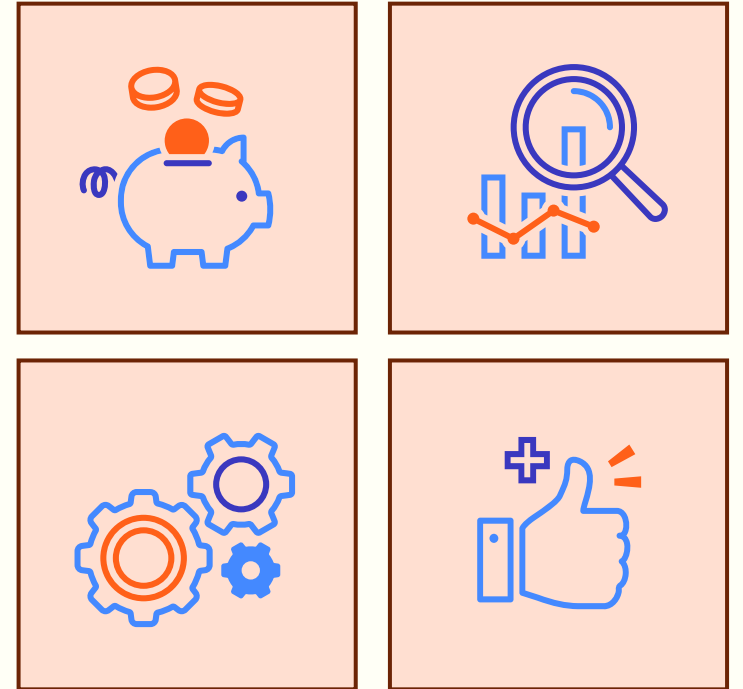
Ownership enables capturing residual value in land and interconnection rights, which appreciate over time.

Influencing Regulations and Permitting

Owners can influence permitting and regulatory processes, especially when serving as authorities having jurisdiction.

Long-Term Resilience and Flexibility

Ownership strengthens strategic flexibility and resilience by aligning asset management with organizational goals.



Economic & Operational Benefits

Cost Reduction Benefits

Asset ownership may reduce power costs compared to traditional PPAs by removing developer margins.

Developer tax incentives expire after 2030; municipalities maintain access to tax exempt funding.

Risk Mitigation

Mission vs Margin: while private equity utilizes financial engineering to extract maximum project value, Ava as a non-profit asset owner is focused on equitable community outcomes and public welfare.

Operational Flexibility

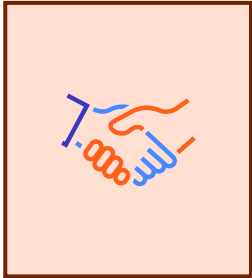
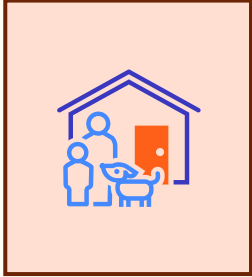
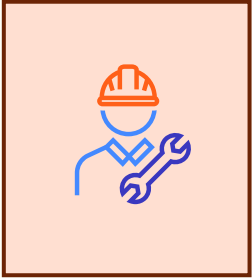
Ownership offers flexibility to adapt to market changes, policy shifts, and optimize dispatch strategies.



Risks & Tradeoffs



Key Risks of Ownership



Comparison With Alternatives

	Asset ownership	“Full” contract offtake	Financial-only hedge
Mitigate exposure to CAISO market volatility	Yes	Yes	Yes
Ensure RA compliance	Yes	Yes	No
Mitigate counterparty risk	Yes	Somewhat	Somewhat
Ability to respond to regulatory or legislative policy changes	More than other structures	Seller tries to make it hard or make Buyer pay extra	No
Operational control & flexibility	Yes (within warranty terms)	Generally, yes (within warranty terms)	No

Tradeoffs & Assessment

Each structure involves tradeoffs in risk, control, and economics requiring thorough evaluation.

Execution Approach



Ownership Entry Strategies

Greenfield Development

Greenfield development offers full control by managing site selection, land acquisition, and project development, though it is time-intensive.

Build Transfer Agreements

BTAs provide quicker asset acquisition during or after construction, reducing development risk and speeding ownership transfer.

Asset Buyout Post-PPA

Buying assets after PPA maturity involves waiting and complex valuation but can be a strategic long-term ownership approach.

Joint Ventures and Partnerships

Joint ventures combine shared risk and expertise, while partnerships with organizations like CC Power enhance collaborative opportunities and risk mitigation.

Key Considerations & Next Steps

Capital Allocation Importance

Determining investment scale and impact on financial planning is critical for successful asset ownership transition.

Strategic Timing and Phasing

Different ownership strategies have varied timelines and market dependencies.

Adopting a phased approach manages risk and builds expertise through gradual investment scaling.

Alignment with Policies

Align ownership strategies with long-term policy and market trends to maximize value and sustainability.

Next Steps for Advancement

Conduct deeper analysis, refine strategic options, engage counterparties on implementation options, and further discussion with the board for consideration

