Executive Committee Meeting
Wednesday, November 4, 2026
3:00 pm

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

Or from the following locations:
- 24301 Southland Drive, Suite 101, Hayward, CA 94545
- 501 W Weber Ave Building 1 Stockton, CA 95203

Via Zoom:
https://avaenergy-org.zoom.us/j/83436846600

Or join by phone:
Dial(for higher quality, dial a number based on your current location):
US: +1 669 900 6833 or +1 253 215 8782 or +1 346 248 7799 or +1 301 715 8592 or +1 312 626 6799 or 877 853 5257 (Toll Free) or 888 475 4499 (Toll Free)
Webinar ID: 834 3684 6600

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting materials, should contact the Clerk of the Board at least 2 working days before the meeting at (510) 906-0491 or cob@avaenergy.org.

If you have anything that you wish to be distributed to the Executive Committee, please email it to the clerk by 5:00 pm the day prior to the meeting.

1. **Welcome & Roll Call**

2. **Public Comment**
This item is reserved for persons wishing to address the Executive Committee on any Ava Community Energy-related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Committee are customarily limited to three minutes per speaker and must complete an electronic speaker slip. The Executive Committee Chair may increase or decrease the time allotted to each

speaker.

3. **Approval of Minutes from October 7, 2026**

4. **SmartHome Battery Distributed Energy Resource Agreement (Informational Item)**
   Staff report on the SmartHome Battery Distributed Energy Resource Agreement

5. **Fiscal Year 2025-2026 Operating Results and Audit Preview (Informational Item)**
   Provide an overview of operating results and an update of the audit process

6. **Budget Surplus Revenue Discussion (Informational Item)**
   Discuss the options and considerations for allocating the Fiscal Year 2025-2026 surplus revenues

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

8. **Adjourn**

   The next Executive Committee meeting will be held on Wednesday, December 2, 2026 at 3pm.

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
Executive Committee Meeting
Wednesday, October 7, 2026

3:00 pm

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Or from the following locations:

- 24301 Southland Drive, Suite 101, Hayward, CA 94545
- Hayward City Hall – 777 B St, Hayward, CA 94541
- Pleasanton City Hall – City Council Office, 123 Main St., Pleasanton, CA 94566
- Larch Clover Community Center – 11157 West Larch Road, Tracy, CA 95376

Via Zoom:
https://avaenergy-org.zoom.us/j/83436846600

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1. **(0:17) Welcome & Roll Call**
   Present: Members Elisa Marquez (Alameda County), Jack Balch (Pleasanton), Betsy Andersen (Piedmont), Vice-Chair Julie Roche (Hayward).and Chair Juan González (San Leandro).

   Not Present: Members Christina Fugazi (Stockton) and Rick Rickman (San Joaquin County)

2. **(1:18) Public Comment**
This item is reserved for persons wishing to address the Executive Committee on any Ava Community Energy-related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Committee are customarily limited to three minutes per speaker and must complete an electronic speaker slip. The Executive Committee Chair may increase or decrease the time allotted to each speaker.

There were no speakers for public comment

3. **(2:52) Approval of Minutes from September 2, 2026 and September 9, 2026**

Board Chair Andersen moved to approve the September 2, 2026 and September 9, 2026 Executive Committee meeting minutes. Member Marquez seconded the motion. The motion was approved 5/0/0/0/2 (yes/no/abstain/recuse/not present):

Yes: Members Marquez, Balch, Andersen, Vice-Chair Roche, and Chair González.
No: None.
Abstain: None.
Recuse: None.
Not Present: Members Fugazi and Rickman.

There was no public comment.

4. **(5:14) Customer Programs Strategy Engagement Consultant (Informational Item)**
Staff Report on Customer Programs Strategy Engagement Consultant Selection

Chief Customer Officer Annie Henderson presented staff's selection of the Institute for Local Government, with CivicWell as subcontractor, to support external engagement for Ava's five-year Customer Programs Strategy. The recommended Option 2 engagement scope includes public workshops, stakeholder outreach, surveys, and multilingual access. The approximately $242,000 contract is within the CEO's delegated contracting authority; staff planned an informational item for the October Board consent agenda.

(17:40) Public comment: Jim Lutz supported the engagement planning and encouraged programs to support broader agency goals and a future agency-wide strategic roadmap.

(21:08) Alejandra Ureño, Local Clean Energy Alliance, encouraged accessible outreach to isolated and underserved communities, particularly in San Joaquin County, and transparency about community feedback and outcomes.

Vice-Chair Roche asked about internal staff time beyond the consultant fee. Henderson and CEO Howard Chang described substantial internal work. **Chair González** encouraged attention to consultant-related risks.

5. **(27:47) Renewable Energy Procurement and Power Content Reporting (Informational Item)**

Informational update on renewable procurement and upcoming changes to power content label reporting

Senior Power Resources Manager Izzy Carlson presented an overview of renewable energy procurement, Power Source Disclosure filings, and Power Content Labels. Upcoming disclosure requirements include reporting hourly generation and load for calendar year 2027, filed in 2028, and displaying transmission and distribution line losses in the 2025 Power Content Label. Staff clarified that the changes concern reporting rather than new hourly procurement obligations.

Committee questions addressed renewable portfolio content categories, emissions accounting for out-of-state resources, independent auditing, and the implications of wholesale versus retail load and potential 24/7 clean energy accounting. Staff indicated the broader policy questions would be brought to the Board for consideration.

There was no public comment.

6. **(1:05:53) Extension of agreement with SMUD for critical billing and customer services (Informational Item)**
Informational update on an extension of Ava's agreement with Sacramento Municipal Utility District for customer care and data management services

Senior Director of Account Services Kelly Birdwell Brezovec described a proposed three-year extension of the agreement with Sacramento Municipal Utility District (SMUD) for billing, customer service, and data management, from January 1, 2027 through December 31, 2029. The proposed 2027 rate is $1.13 per meter per month, with annual inflation-based increases capped at 5% in 2028 and 2029, and an estimated annual cost of approximately $11 million. Staff described the service as mission-critical and planned to bring the agreement to the October Board consent agenda.

(1:17:45) Public comment: Jim Lutz asked about separating billing and customer-service functions and providing services in-house.

(1:18:53) Jessica Tovar, Local Clean Energy Alliance, encouraged an in-territory call center and local employment.

CEO Chang discussed prior evaluation of alternatives and SMUD's local hiring. **Vice-Chair Roche** asked about competing provider pricing.

7. **(1:24:08) Committee Member and Staff Announcements including requests to place items on future Executive Committee Agendas**

There were no committee member or staff announcements or requests for future agenda items.

8. **(1:24:27) Adjourn**

The meeting was adjourned at 4:26 p.m.

The next Executive Committee meeting will be held on Wednesday, November 4, 2026 at 3pm.



SmartHome Battery – Aggregator Distributed Energy Resource Agreements

Karen Lee | November 4, 2026

Introduction and Level-Setting

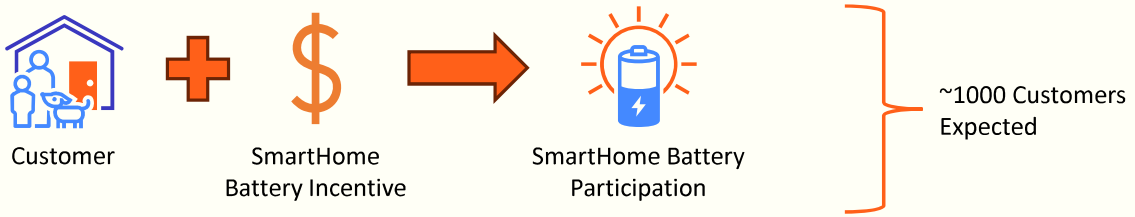
- Staff is presenting Ava's approach to transacting with aggregators for the SmartHome Battery Program. Aggregators own dispatch rights to residential batteries and can monetize federal tax credits.
- Staff has structured a PPA-like contract to procure energy products from aggregations of residential solar and storage systems. This is called the Distributed Energy Resource Agreement, also known as the "DERA" or aggregator agreement.
- The DERA is an innovative contracting structure designed to develop a reliable resource that can reduce Ava's wholesale power procurement costs, benefiting all customers while supporting those who install solar and storage. If successful, the program can scale to deliver broader benefits.
- Staff is seeking approval for three DERAs.
- Ava has been operating a Virtual Power Plant ("VPP") of ~1,000 systems with the aggregator Sunrun since 2022. The lessons learned from that program, Resilient Home, have informed this strategy.



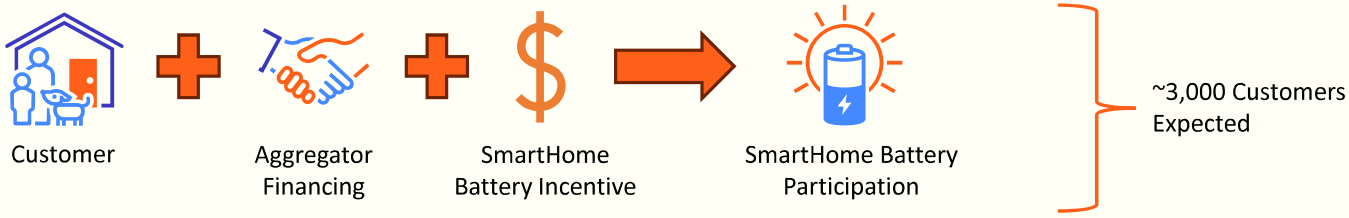
Ava SmartHome Battery Program Background

- **Program Goal**: Support community resilience by growing a **dependable** battery component to our community Virtual Power Plant (VPP) at **scale**.
- **Context**: SmartHome Battery deploys $11.25 million in upfront and ongoing incentives to support community resilience, up to 19.5 MW of dependable batteries to Ava's community VPP.
  - Note: $3.75 million allocated towards community resilience hubs
- **Program Design**: Provides customers multiple ways to participate.

1. Self-financed systems: Customers benefit from lower total costs and full battery ownership.



2. Leased systems: Customers benefit from lower upfront costs and third-party financing.



Comparison to Resilient Home Contract

	Resilient Home Contract	SmartHome Battery DERA
Product	Load Modification	Load Modification or Event-Based Dispatch
Distributed Energy Resource Management System (DERMS)	No DERMS integration	Integration with Ava's DERMS
Shortfall Damages	Yes	Yes
Engagement	One provider (Sunrun)	Ava plans to execute DERAs with +/- three different aggregators
Customer Participation Pathway	Participate through the sole aggregator (Sunrun), with a new battery	Participate through an aggregator, with an existing or new battery
Marketing	• Ava and Sunrun led marketing efforts	• Aggregator leads marketing, using existing sales and marketing channels • Aggregators are required to attend Ava training and seek Ava approval on program materials

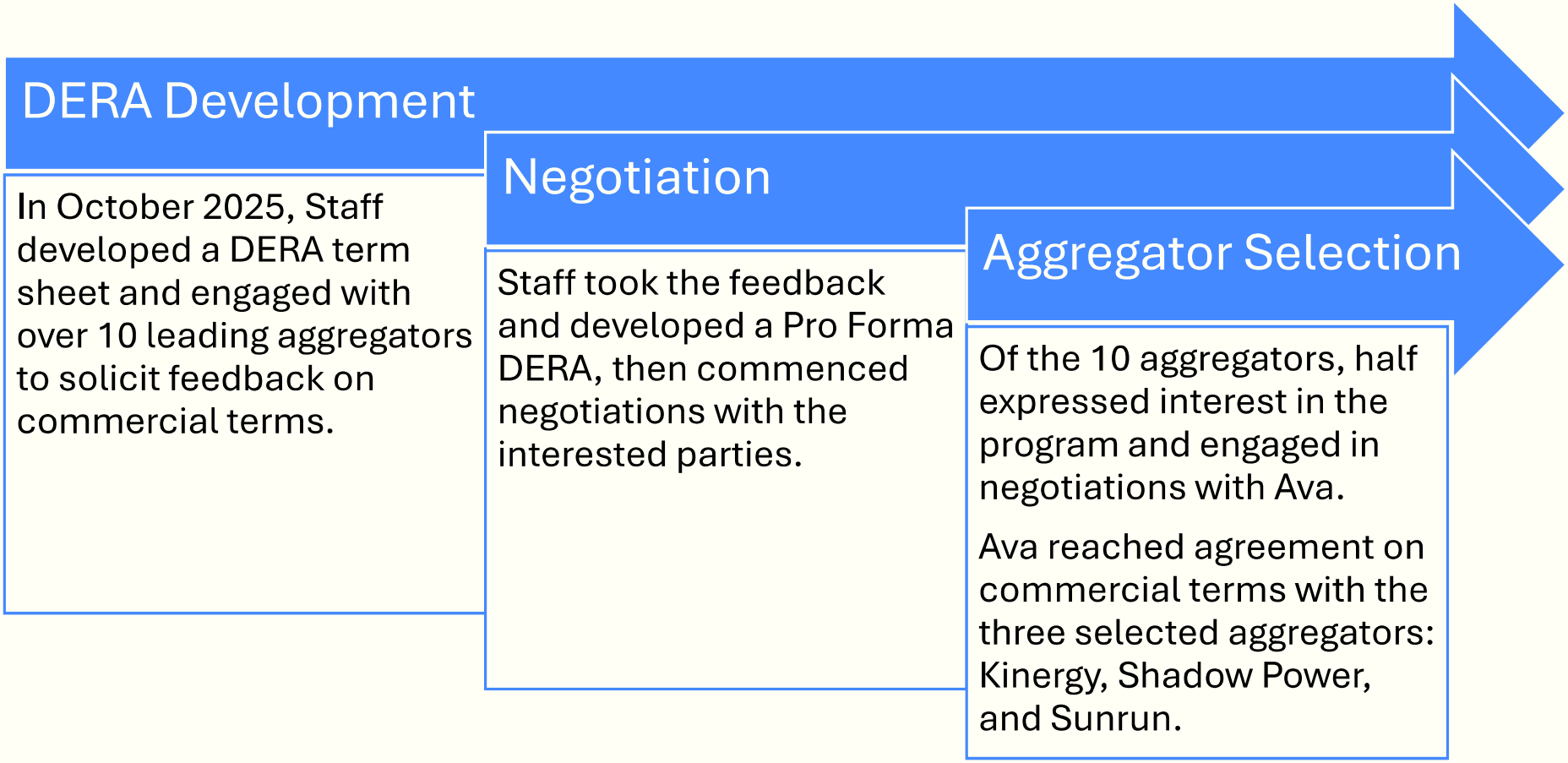
DERA Terms

Product	**Load Modification**: battery dispatch on a 2-hour schedule defined by Ava **Event-Based Dispatch**: battery dispatch with 24-hour notice (80 x 1-hour events; max 2 per day)
Upfront Incentive	• Based on New Capacity and paid to Seller. • $180/kW and $1,000/kW times Nominated Capacity for Market Rate & CARE/FERA. • Same incentive as customer-owned.
Performance-Based Monthly Payments	• Paid based on monthly assessments of Delivered Quantity (DQ). • Performance shortfalls are subject to **Shortfall Damages**. • Same incentive as customer-owned.
Annual Contract Capacity	At DERA execution, Seller commits to an Annual Contract Capacity.
Monthly Minimum & Maximum Contract Capacity	• Prior to each Contract Year, Seller provides a Monthly Minimum Contract Capacity that is 75% - 100% of the Annual Contract Capacity. • If Seller cannot commit to Monthly Contract Capacity that is 75% of the Annual, Seller can pay $50/kW **Enrollment Damages** (i.e., a capacity buydown) to reduce Contract Capacity for the remaining years. • This balances Ava's need for firm capacity commitments, while providing some flexibility for Seller.

DERA Terms – Part 2

Contract Term	• 5 to 7 years, with initial deliveries starting in 2027 or 2028
Initial Delivery Date (IDD)	• Eligibility of customers, sites, and battery systems are verified • DERMS integration complete • Delays subject to **IDD Delay Damages**
Collateral	• **Development Security** to securitize the Initial Delivery Date milestone • **Performance Security** to securitize capacity deliveries throughout contract term.
Buyer Termination Rights	• Material misrepresentation Shortfall Damages incurred in >3 months in a 12-month period • Aggregate DQ is less than 85% of the Minimum Contract Capacity across a year • Monthly DQ is less than 50% of the Minimum Contract Capacity for a month
Seller Termination Rights	• Failure by Buyer to make a required payment and failure is not remedied within 10 Business Days after Notice

DERA Development and Aggregator Selection



Aggregator Qualifications

	Kinergy	Shadow Power	Sunrun
Overview	• Kinergy has operated DER and VPP programs across the U.S., Australia, Japan, and Europe. • Kinergy is owned by Origin Energy, an Australian company, with a Palo Alto address.	• Shadow Power finances, owns, and operates distributed battery fleets. Team has developed VPP's with CA investor-owned utilities, SMUD, and CCAs. • Headquartered in New York.	• Sunrun is nation's largest residential battery VPP aggregator and the partner for Ava's Resilient Home program. • Headquartered in San Francisco.
Experience	Medium	Medium	**High**
Go to Market Approach	Medium	Medium	**High**
Learning Potential	**High**	Medium	Low
Original Equipment Manufacturer (OEM) Diversity (not final)	**High** (Enphase, Tesla, SolarEdge, FranklinWH, Delta)	Low (Tesla, Lunar)	Low (Tesla, Lunar)
Policy Engagement	Low	Low	**High**

Budget Impact

- The allocated capacity will utilize approximately $7.3 million of SmartHome Battery program budget.
- This budget supports 14.57 MW of capacity, with 12.41 MW to Market Rate and 2.16 MW to CARE/FERA.
- CEO may allocate budget and capacity to each counterparty based on final negotiated terms and each counterparty's capabilities.



Conclusion & Next Steps

- **Purpose:** Procure energy products from aggregators, diversifying the SmartHome Battery customer participation pathways and supporting program scale and reliability
- **Structure:** PPA-like agreement with damages assessed for underperformance
- **Approval:** Staff intends to bring this forward to the November Board for approval on the Consent agenda
  - CEO has authority to finalize negotiations and execute
  - Final agreements will be substantially in the form of the attached document
  - CEO may allocate budget and capacity to each counterparty based on final negotiated terms and each counterparty's capabilities
- **Conclusion:** Staff is presenting this as an informational item to ExComm and seeking feedback

Fiscal Year 2025-2026 Operating Results and Audit Preview

Executive Committee

November 4, 2026

Contents

- Audit Background
- Highlights of FY 25-26 Financial Results
- Budget to Actuals Comparison
- Local Development Fund Activity
- Overview of budget reconciliation process with audited financial statements

Audit Background

- Each year, Ava conducts an audit of the fiscal year-end financial statements.
- The annual audit is conducted by Sorren CPAs, P.C., an independent, external CPA team.
- The Independent Auditor's Report preliminarily concludes their opinion of the financial statements as materially accurate with no significant deficiencies or material weakness in internal controls identified. This will be included in the final financial statements delivered to the Board tentatively planned for Nov 18th.
- The Management Discussion and Analysis (MD&A) provides an overview of Ava's financial activities for the fiscal years reported and gives information on financial position, reporting protocols, and overall economic factors that relate to Ava activities.
- The Basic Financial Statements provide an independently verified, accurate portrait of Ava's financial position as of June 30, 2026.
- Notes to the Basic Financial Statements discuss accounting policies, cash and capital positions, risk management, commitments, and known subsequent events.

Audit Update and FY25-26 Financial Highlights

Per our debt covenants, we are required to have a completed audit within 180 days of fiscal year-end (e.g. 12/27/2026 this year). The audit is estimated to be final and presented by staff and the auditors at the November 18th Board meeting. There is some risk that the audit won't be closed in time to present in November. If that is the case, we will move the presentation to the December 16th Board meeting and meet Ava's compliance deadline. Factors that compressed our timeline:

- PCIA and ERRA Filings in Mid-October that affected year end accruals.
- GASB 103 implementation - categorizes certain revenue items to a new section called Noncapital Subsidies on the Statements of Revenue, Expenses, and Changes in Net Position (Grants and DAC-GT Revenues for Ava).
- Staff modification of the methodology for estimating accruals for uncollectibles.

Highlights of the Draft FY 25-26 financial results and audit are as follows:

It is expected that the auditors will report an unmodified opinion – financial statements are materially accurate. We are not aware of any significant deficiencies or material weakness in internal controls, no proposed adjustments to the financial statements have been communicated to Ava, and no unusual transactions or applications of accounting principles have been identified.

- Estimated Annual Operating Revenues: $808,235,142 (gross operating revenue is $889,202,948 and net revenue deferred is $80,967,806).
- Estimated Annual Operating Expenses: $845,576,991.
- Noncapital subsidy revenue from the CPUC for Disadvantaged Communities Green Tariff (DAC-GT) and other Grant revenue, $5,782,579 and $1,298,240, respectively.
- Estimated Annual Net Nonoperating Revenues: $20,888,365.
- Estimated Net Position decrease of $9,372,665 to $544,525,201.

Draft Audited Financial Statements (not final):

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
OPERATING REVENUES		
Electricity sales, net	$ 885,852,817	$ 890,372,917
Revenue directed to Rate Stabilization Fund	(80,967,806)	(108,097,808)
Liquidated damages	2,255,035	10,825,198
Other operating revenues	1,095,096	523,852
Total operating revenues	808,235,142	793,624,159
OPERATING EXPENSES		
Cost of electricity	781,449,941	749,266,364
Contract services	23,900,671	24,108,447
Staff compensation	24,416,879	20,387,169
Other operating expenses	14,570,974	7,502,636
Depreciation and amortization	1,238,526	923,330
Total operating expenses	845,576,991	802,187,946
Operating income (loss)	(37,341,849)	(8,563,787)
NONCAPITAL SUBSIDIES		
Grant and subsidy revenue	7,080,819	3,822,021
Operating income (loss) and noncapital subsidies	(30,261,030)	(4,741,766)
NONOPERATING REVENUES (EXPENSES)		
Loss on disposition of assets	-	(80,977)
Investment income	22,875,185	24,928,705
Interest and financing expense	(1,986,820)	(1,542,127)
Nonoperating revenues (expenses), net	20,888,365	23,305,601
CHANGE IN NET POSITION	(9,372,665)	18,563,835
Net position at beginning of period	553,897,866	535,334,031
Net position at end of period	$ 544,525,201	$ 553,897,866

STATEMENTS OF NET POSITION
AS OF JUNE 30, 2026 AND 2025

	2026	2025
ASSETS		
Current assets		
Cash and cash equivalents - unrestricted	$ 431,511,847	$ 374,802,685
Cash and cash equivalents - restricted	2,414,235	3,691,237
Accounts receivable, net of allowance	69,844,850	92,646,802
Accrued revenue	45,629,852	61,177,258
Other receivables	6,046,976	6,776,630
Prepaid expenses	5,916,946	5,200,855
Deposits	-	147,000
Investments	18,996,609	30,099,286
Total current assets	580,361,315	574,541,753
Noncurrent assets		
Deposits	975,415	1,230,512
Investments	333,858,101	299,651,534
Loans receivable	2,573,838	2,066,218
Capital assets, net of depreciation and amortization	23,857,094	21,080,775
Total noncurrent assets	361,264,448	324,029,039
Total assets	941,625,763	898,570,792
LIABILITIES		
Current liabilities		
Accrued cost of electricity	92,010,629	119,424,612
Accounts payable	6,271,915	5,956,470
Advances from grantors	2,414,235	3,691,237
Other accrued liabilities	2,923,784	2,228,542
User taxes and energy surcharges due to other governments	8,595,534	8,455,238
Lease liability	465,029	-
Security deposits - energy suppliers	3,974,570	5,024,000
Total current liabilities	116,655,696	144,780,099
Noncurrent liabilities		
Lease liability	11,462,265	11,878,032
Total liabilities	128,117,961	156,658,131
DEFERRED INFLOWS OF RESOURCES		
Rate Stabilization Fund	268,982,601	188,014,795
NET POSITION		
Net investment in capital assets	11,929,800	9,202,743
Unrestricted	532,595,401	544,695,123
Total net position	$ 544,525,201	$ 553,897,866

General Fund Budget to Actuals Comparison

- NOTE: The numbers presented here are not final but represent the current estimated results
- Key Highlights:
  - **Net revenue -** increased by $81MM, driven primarily by higher than expected rates in calendar year 2026, lower than forecasted renewable prices, and decisive measures taken by the Board in December 2025, implemented January 1, 2026
  - **Rate Stabilization Fund -** budgeted recognition was not necessary given the stronger performance from the items mentioned above.
  - **Investment Income -** yields were higher than expected as interest rates remain higher for longer through the period
  - **Personnel -** costs were reduced by deferred hiring for open positions
- The full net revenues are deferred under GASB 62 to allow the Board to consider how to best allocate this surplus. Options are presented in the next item: Budget Surplus Allocation Discussion

AVA COMMUNITY ENERGY AUTHORITY
BUDGETARY COMPARISON SCHEDULE
OPERATING FUND
Year Ended June 30, 2026

	2025/26 YTD Budget	2025/26 YTD Actual	2025/26 YTD Budget Variance Over (Under)	2025/26 YTD Actual/ Budget %
REVENUE				
Electricity Sales	$ 869,170,000	$ 903,243,277	$ 34,073,277	104%
Revenue directed to Rate Stabilization Fund	$ 25,327,000	(80,967,806.00)	(106,294,806)	-229%
Uncollectible	(8,692,000)	(11,607,882)	(2,915,882)	134%
Total Revenue and Other Sources	885,805,000	810,667,589	(75,137,411)	90%
EXPENDITURES AND OTHER USES				
CURRENT EXPENDITURES				
Cost of energy	836,970,000	781,424,881	(55,545,119)	93%
Energy Services				
Data Management/CRM	10,081,000	10,157,998	76,998	101%
Billing & Metering	3,208,000	3,231,449	23,449	101%
Scheduling	767,000	737,608	(29,392)	96%
Total Energy Services	14,056,000	14,127,055	71,055	101%
Overhead Operating Expenses				
Personnel	29,639,000	24,128,722	(5,510,278)	81%
Marketing & Communications	3,872,000	2,379,680	(1,492,320)	61%
Legal, Policy, & Regulatory Affairs	4,243,000	3,245,881	(997,119)	76%
Other Professional Services	3,518,000	2,380,911	(1,137,089)	68%
General & Administrative	7,095,000	6,123,103	(971,897)	86%
Total Overhead Operating Expenses	48,367,000	38,258,297	(10,108,703)	79%
Total Current Expenditures	899,393,000	833,810,233	(65,582,767)	93%
OTHER SOURCES AND USES				
Investment Income	15,066,000	22,688,544	7,622,544	151%
Other Income	49,000	59,387	10,387	121%
Liquidated damages	-	2,248,731	2,248,731	N/A
Interest and Financing Costs	(1,087,000)	(1,032,471)	54,529	95%
Local Development (Transfer to LD Fund Budget)	(190,000)	(190,000)	-	100%
Capital expenditures	(250,000)	(631,547)	(381,547)	253%
Total Other Sources and Uses	13,588,000	23,142,644	9,554,644	0%
Net Increase (Decrease)	$ -	$ -	$ -	0%

Local Development Fund Activity

- NOTE: The numbers presented here are not final but represent the current, best estimate results
- Key Highlights
  - Grant/Credit revenues were attributed to the following programs:
    - Energy Efficiency
    - Community/workforce development
    - Ava Charge
  - Interest income was generated through program lending to Blocpower and the EV Realty loans
  - Largest costs centers by programs as percent of total expenses
    - Bike Electric: 48% (large incentives distribution)
    - Critical Municipal Facilities: 24% (construction development)
    - Energy Efficiency: 11% (operations and incentives)
    - Ava Charge: 10% (operations)
  - The Adjusted final balance includes the $15MM held as deferred revenues to be applied to Smart Home Battery incentives as well as the deduction for principal outstanding from loans issued.

AVA COMMUNITY ENERGY AUTHORITY
LOCAL DEVELOPMENT FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2026

	2025/26 Annual Budget	2025/26 YTD Actual	2025/26 Budget Remaining
REVENUE AND OTHER SOURCES			
Transfer from Operating Fund	$ 190,000	$ 190,000	$ -
Grants/Credits	-	2,340,253	(2,340,253)
Interest income	-	186,641	(186,641)
Total Revenues and other sources	190,000	2,716,894	(2,526,894)
EXPENDITURES AND OTHER USES			
CURRENT EXPENDITURES			
Program expenses	10,190,000	14,899,849	(4,709,849)
Total Expenditures and other uses	10,190,000	14,899,849	$ (4,709,849)
Net Increase (Decrease)	(10,000,000)	(12,182,955)	
Fund balance at beginning of period	74,801,996	74,103,412	
Fund balance at end of period	$ 64,801,996	$ 61,920,457	
GASB 62 Deferral assigned to fund		14,963,130	
Program loans receivable outstanding		(2,789,346)	
Adjusted fund balance at end of period		$ 74,094,241	

Budget Reconciliation to Financial Statements

- The Budget is an internal proforma document set at the discretion of the Board
- The financial statements in the Audit are standardized by Generally Accepted Accounting Principles (GAAP) and have additional rules set forth by the Governmental Accounting Standards Board (GASB)
- Ava drafts each budget in accordance with industry best practices and employs best efforts to align with GAAP and GASB standards, but financial differences exist and reconciliation is defined per item of **Audited Net Position** (GAAP/GASB) against **Actualized Net Revenues** (Budget)
- The table below is the current status of FY 2025-2026's reconciliation of Net Position (decrease on financial statements by $9.4MM) to Net Revenues (flat on Budget to Actuals statement at $0)

Reconciled Item	Details	Amount	Balance
Audited Net Position Difference	*Relative to net deferred revenues*		(9,372,665)
Loss on Disposition of Assets	*Accrued depreciation of discarded assets*	(312,964)	(9,059,701)
GASB 87 Lease	*Lease obligations outstanding as of 6/30/2026*	(974,821)	(8,084,880)
LD Actual Expenses	*Actual FY 25/26 Program expenses*	(14,899,849)	6,814,969
LD Budget Allocation	*Budgeted capital transfer to Programs*	190,000	6,624,969
LD Revenue from Grants/Credits	*FY 25/26 grant & credit revenue in Programs*	2,340,253	4,284,716
LD Interest Income	*Interest on development loans*	186,641	4,098,075
Capital Outlay	*Capital reconcilliation*	4,098,075	-

Conclusion

- This presentation is provided as an informational update
- Financial Statements and figures are not final, but are not expected to materially change
- Staff is targeting to bring final audited financial statements for the November board meeting, though it may push to December due to:
  - The annual ERRA filing was released on October 15 and this year requires more substantive updates due to market price volatility
  - GASB 103 and 104 implementation
  - Updated methodology on aging and uncollectibles



Fiscal Year 2025-2026 Budget Surplus Allocation

Executive Committee

November 4, 2026

Contents

- Introduction
- Overview of Rate & PCIA Setting Process
- Recent ERRA and MPB Filings and the history of rate forecasting
- Financial Projections - Budget Impact, Net Revenues, Working Capital
- GASB62, Reserve, & RSF Balances
- Allocation options
- Next Steps & Conclusion

Budget Surplus Discussion Introduction

- With the imminent close of the 2025-2026 fiscal year financial statements, ending June 30th, Ava's accounting team is estimating an approximately $81MM surplus in net revenues.
- Last year, the surplus was held in the GASB 62 account as deferred revenues while the Board decided how to best allocate those funds. This year, we are repeating this same process.
- On October 16th, the Energy Resource Recovery Account (ERRA) filing was released that confirms actual prices for 2026, forecasts prices for 2027, and sets the generation and PCIA rates that go into effect on January 1, 2027, directly affecting Ava's revenues
- This presentation will cover broadly how this mechanism works, the impact to current fiscal year outlook, implications to future revenues and working capital, and then discuss the options available to the Board for allocation of the surplus revenues from the closing fiscal year.

Rates & PCIA Overview

Changes in actual energy market prices vs forecasted prices are trued up through PCIA and rate setting processes, which typically span multiple full calendar years.

These changes create an imbalance in how rates recover costs

- A price spike results in an undercollection
- A price dip results in an overcollection

These imbalances are tracked in the ERRA for rate setting purposes and the Portfolio Allocation Balancing Account (PABA) for PCIA purposes

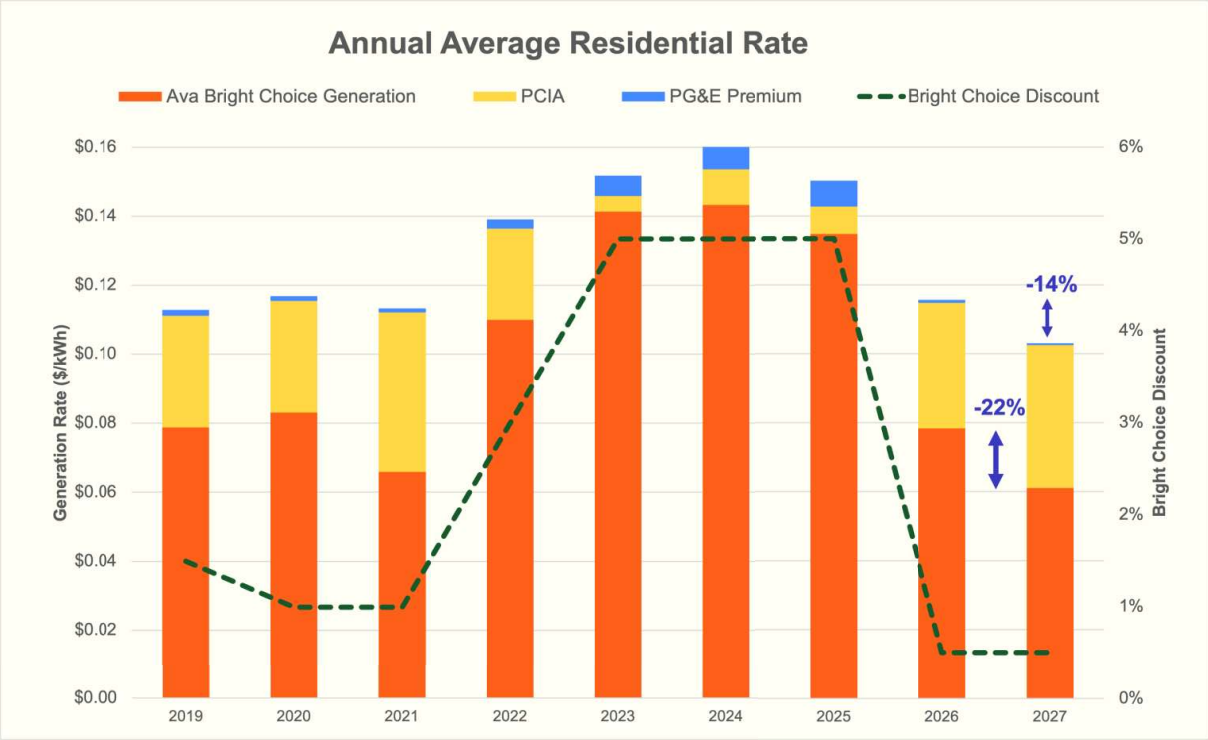
Thus, the annual rebalancing in years where prices are increasing requires rates go up and PCIA come down. Conversely, when prices are decreasing, rates come down and PCIA goes up.

Note: Graphs to the right are for illustrative purposes





New 2027 Rates from ERRA Filing



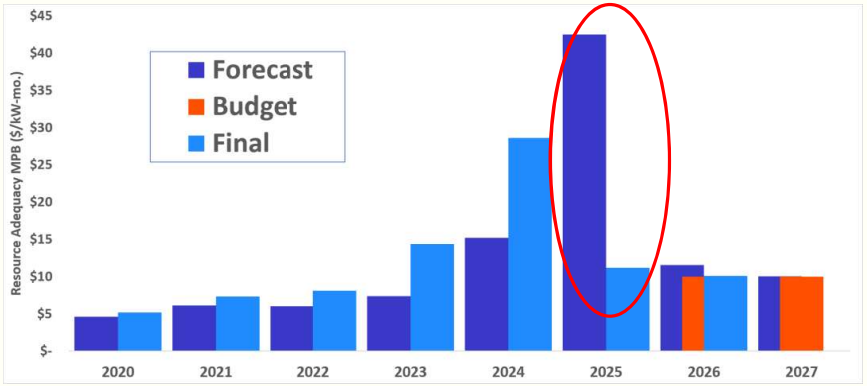
Note: This slide reflects 2018 PCIA Vintage (Ava's most common residential vintage)

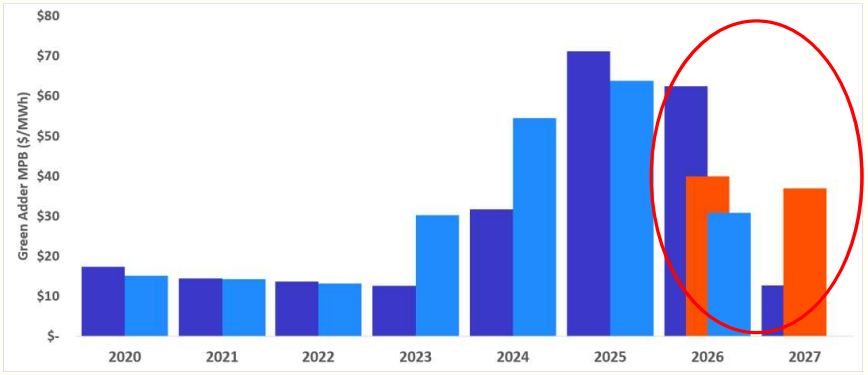
- 2027 Generation rates (including PCIA) are expected to decrease by ~14% from 2026 levels
  - This translates to about an average $50 bill reduction over the calendar year
- Ava-specific customer rates are expected to decrease by ~22%
- These estimates assume no change to the Bright Choice discount
- Average customer generations-related rates are expected to be about $0.103/kWh
- Final 2027 rates may differ based on the final Annual Energy True-up (AET)

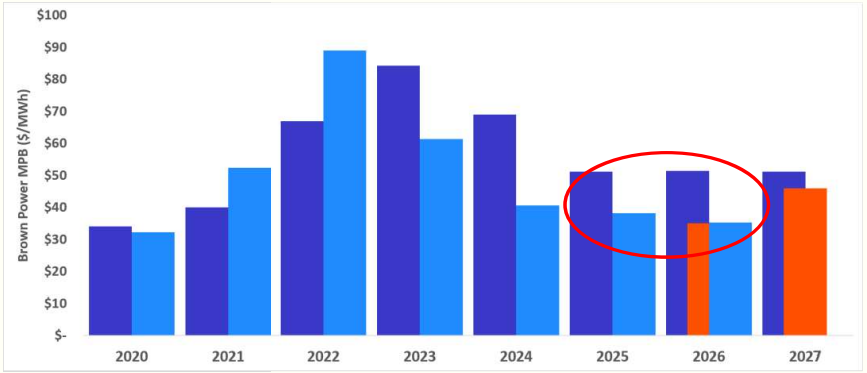
How We Got Here

Volatility in the market, and changes to regulatory processes, translates to MPBs and then materializes through rates

- 2025—High forecasted market prices across energy products led to significant generation rate and revenue growth.
- 2026—Decreasing market prices for brown power and RA, driven by PCIA Track 1 changes on RA MPBs. Includes significant true up for 2025 overcollection.
- 2027—Decreasing market prices for renewable energy (RECs), which includes PCIA Track 2 changes shifting $1BN in value from pre-2019 banked RECs to PG&E bundled customers. Includes significant true up for 2026 overcollection.
- 2028 – Assume market prices remain stable at low levels in line with 2027 forecasts. No true-up assumed.
  - Future potential changes from PCIA Track 3A, 3B, and 4 are not incorporated in forecast





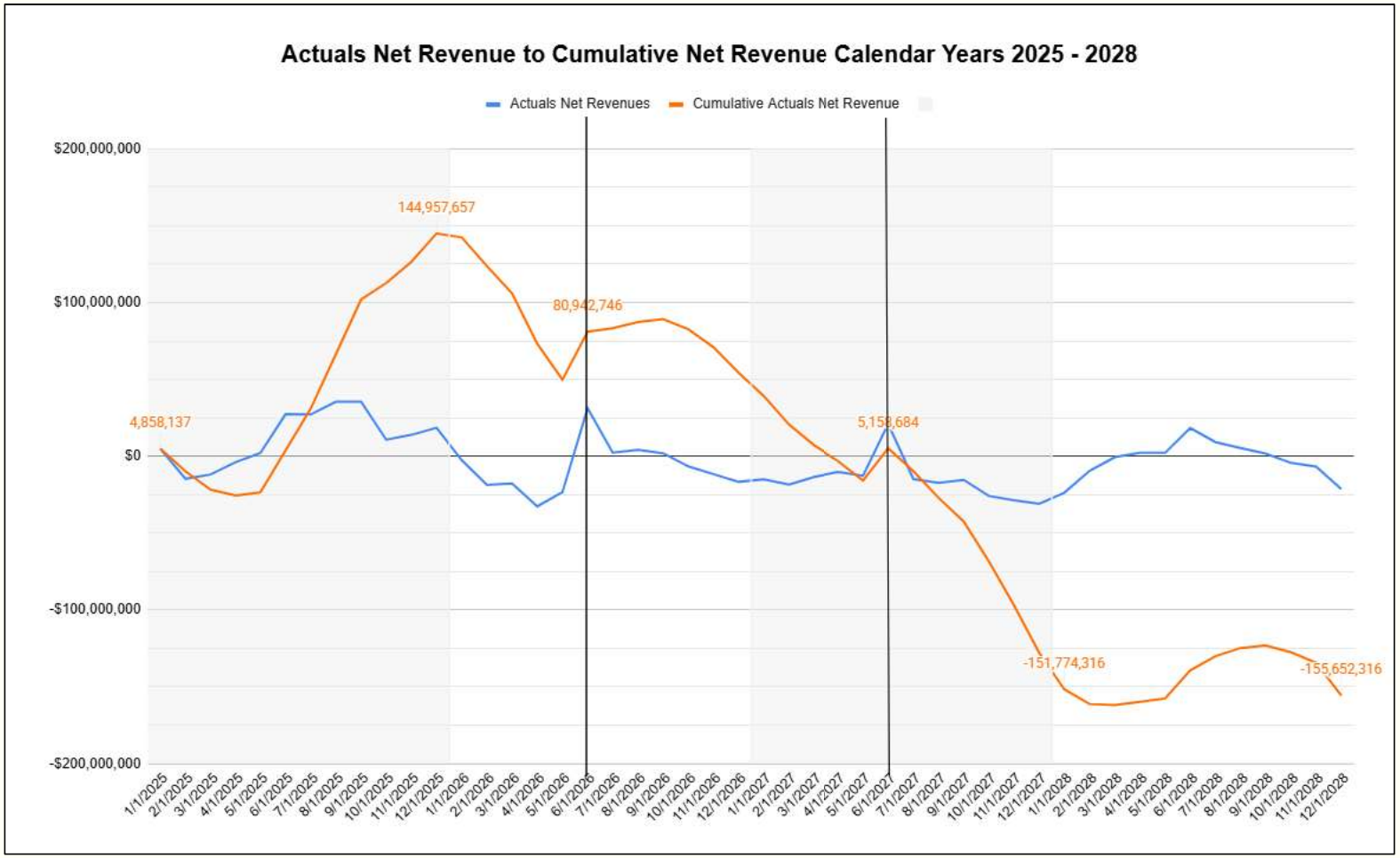


2026-2027 Budget – Updated Financial Projections

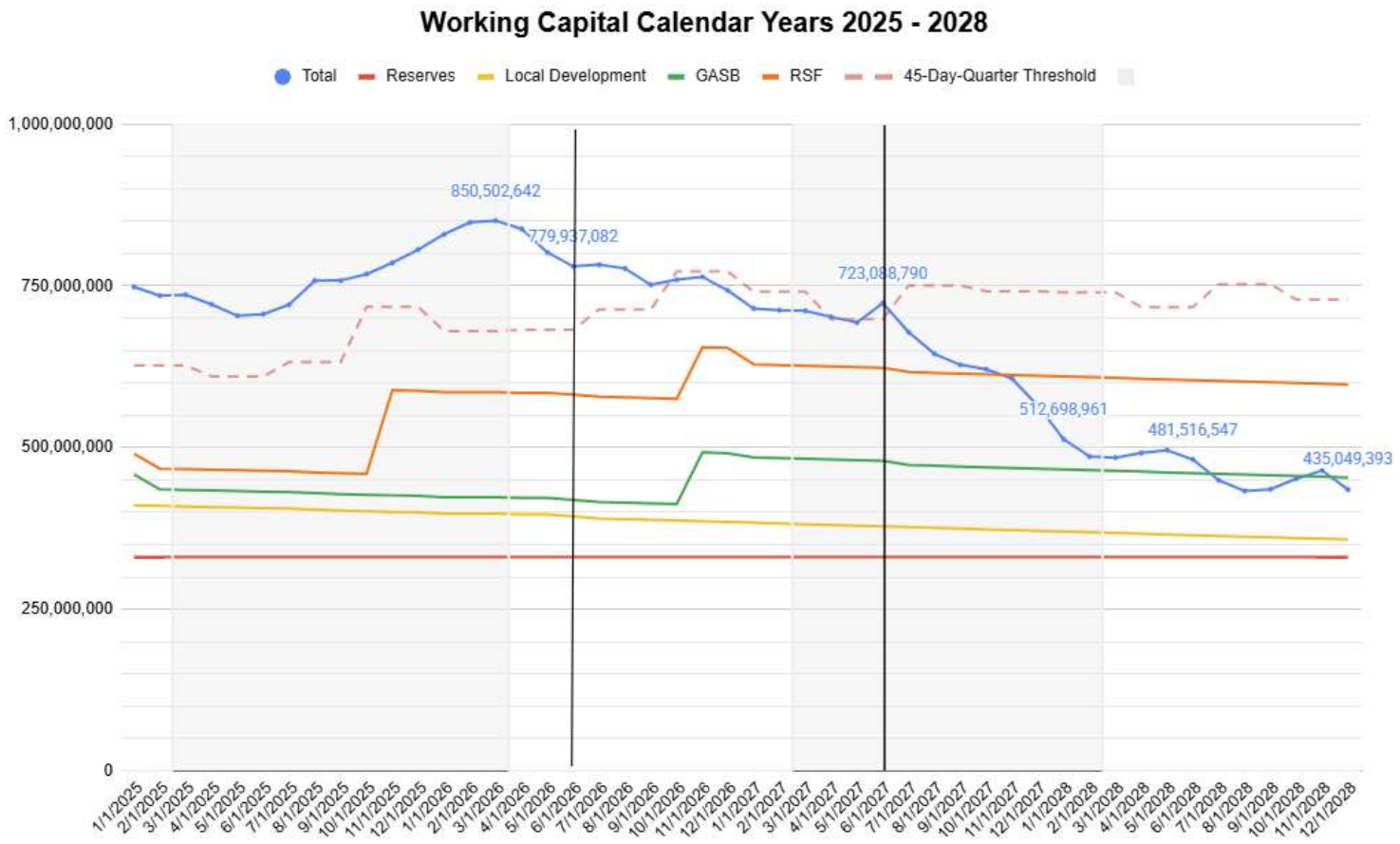
Ava Community Energy	FY 2027 BUDGET	FY 2027 ACTUAL	FY 2027 Delta	FY 2027 %D
Wholesale Load (MWh)	9,553,000	9,512,000	(41,000)	-0.4%
Retail Load (MWh)	8,975,000	9,016,000	41,000	0.5%
Revenue & Other Sources				
Electricity Sales	805,476,000	692,477,000	(112,999,000)	-14.0%
Uncollectables	(10,068,000)	(8,658,000)	1,410,000	-14.0%
Other Operating Revenue	0	6,000	6,000	0.0%
GASB 62	24,160,000	24,160,000	0	0.0%
Total Operating Revenue	**819,568,000**	**707,985,000**	(111,583,000)	-13.6%
Energy Operations				
Cost of Energy	775,323,000	739,041,000	(36,282,000)	-4.7%
Cost of Energy Services	14,218,000	14,077,000	(141,000)	-1.0%
Total Energy Expenses	**789,541,000**	**753,118,000**	**(36,423,000)**	**-4.6%**
Overhead Expenses				
Total Overhead Expenses	54,306,000	53,009,000	(1,297,000)	-2.4%
Total Non-Operating Revenue	24,399,000	22,042,000	(2,357,000)	-9.7%
Total Non-Operating Expenses	120,000	116,000	(4,000)	-3.3%
NET NON-OPERATING REVENUES	**24,279,000**	**21,926,000**	**(2,353,000)**	**-9.7%**
TOTAL NET REVENUES	**0**	**(76,216,000)**	**(76,216,000)**	**0.0%**

- The ERRA filing projects a decrease in customer rates for calendar year 2027, as prices generally declined through 2026.
  - This reduces expected revenues by $113MM
- Along with ERRA filing, the Market Price Benchmark (MPB) prices for renewable energy credits and resource adequacy reduced expected energy costs by $36.3MM for the current fiscal year
  - This is a true up to calendar year 2026 market prices and estimated prices for calendar year 2027
- The net result is current fiscal year has an additional $76.2MM drawdown from budgeted amounts, totaling a net loss of $100.4MM
  - Previous budget estimated a $24.2MM release
- A more comprehensive update will be presented by staff at the Mid-Year budget presentation in February based on actual 2027 rates

Net Revenues Multi-Year View



Working Capital Multi-Year View



I— 2025 Price Growth —II— 2026 Track 1 —II— 2027 Price Drop —II—2028 Stable MPBs—I

The gray areas represent the calendar year working capital cycle.

Working capital cycle is typically ~3 months adjusted from budget and annual cycles.

The vertical lines are balances at end of fiscal years.

The increase in GASB amount in 11/2026 is the FY 2025-2026 net revenue deferral

Updated RSF and Reserve Account Balances

Ava maintains and tracks the three main set-aside accounts each year:

Reserve Fund Account are balances held in investments in accordance with the Board approved investment policy (P 21) approved by resolution R-2024-31 in April 2024.

GASB 62 Fund Account are balances of other deferred revenues, independent of RSF. Currently includes the $81MM from 2025-2026 budget surplus, pending board action of formal allocation. Additional $15MM reflects SmartHome Battery & Community Resilience Hub incentive funding and $10.5MM of Incremental Clean Energy Investments funding.

Rate Stabilization Fund Account are balances held in accordance with RSF policy established by resolution R-2025-41 in September 2025. Based on the current 2026-2027 updated budget forecast, RSF balance is expected to decrease to $62.2MM, based on a $100MM drawdown

The table below presents the historical and current balances of these accounts. Percent coverages are measured against the fiscal year ahead of the contribution year.

	RESERVE FUND ACCOUNT			GASB 62 FUND ACCOUNT		RATE STABILIZATION FUND ACCOUNT		
Contribution Year	Balance	Operating Expenses*	PctCoverage	Net Adjustment	Balance	Net Adjustment	Balance	PctCoverage
2018-2019	40,513,687	410,686,000	9.9%	-	-	-	-	0.0%
2019-2020	90,218,327	383,045,000	23.6%	12,680,000	12,680,000	-	-	0.0%
2020-2021	90,218,327	471,897,000	19.1%	3,161,000	15,841,000	-	-	0.0%
2021-2022	155,873,400	562,667,000	27.7%	-	15,841,000	-	-	0.0%
2022-2023	230,873,400	732,885,000	31.5%	37,200,000	53,041,000	-	-	0.0%
2023-2024	330,873,400	814,123,000	40.6%	26,902,987	79,943,987	-	-	0.0%
2024-2025	330,873,400	845,567,991	*39.1%*	(54,476,020)	25,467,967	162,546,828	162,546,828	19.2%
2025-2026	***330,873,400***	***805,700,000***	***41.1%***	***80,967,806***	***106,435,773***	***-***	***162,546,828***	***20.2%***
2026-2027*	***330,873,400***	***895,499,000***	***36.9%***	***(5,252,419)***	***101,183,354***	***(95,123,581)***	***67,423,247***	***7.5%***

*Operating Expenses are fiscal year ahead for coverage purposes: 2025-26 contribution year aligns with 2026-2027 OpEx

**Estimated against 2027-2028 Operating Expenses includes recognition of clean energy investments and expected budget shortfall

Allocation Options for FY 2025-2026 Surplus Revenues

Historically, Ava has an internal discussion to determine how to manage surplus revenues.

While there are a variety of allocation options available to the Board, historically the Board has focused on the following:

- Change in the Value Proposition: Adjusting Bright Choice rates by percent discount to PG&E and Renewable 100 rates by 0.25¢ increments
- Adjustments to renewable and carbon free energy procurement targets ahead of 2030 mandates
- Distribution of on-bill credits to Ava customers
- Allocation of additional funding to Local Development Fund
- Allocation to Rate Stabilization Fund
- Allocation to Reserve Fund
- Retention for working capital needs

The table to the right provides estimates of financial impacts of some of the options

Value Proposition		
Change	Product	Impact in FY
0.5%	Bright Choice	$1,286,000
$0.0025	Renewable 100	$3,200,000

Renewable & Carbon Free Bright Choice Targets		
Change	Attribute	Cost
1%	RECs	$850,000
1%	Carbon Free	$375,000

One-Time On-Bill Credits			
Credit*	Customers**	Class	Total Credit Amount
$25	172,400	CARE/FERA	$4,310,000
$10	727,000	Residential	$7,270,000

**$47 is monthly average Ava generation charge for CARE/FERA customers from 7/1/2025 through 6/30/2026, inclusive of PCIA*

***Approx count as of October 1, 2026*

Local Development Fund, current allocation across program areas

Area	Funding ($MM)	Unearmarked ($MM)	Currently Active Programs
General	$2.8	$1.2	Strategy development, legal + marketing
Building Electrification and Energy Efficiency	$16.1	$15.4	Heat pump permit support
Transportation Electrification	$26.2	$1	Ava Charge, Ava SmartHome Charging, Ava Bike Electric
Grants	$8.8	$0	EV Charging in the Community, Community Resilience Hubs, Youth Training
Resilience	$20.3	$0	Critical Municipal Facilities, SmartHome Battery, Resilience Hubs, Virtual Power Plant
Total	**$74.2**	**$17.6**	Local Development Fund including GASB allocation

As of 6/30/2026 and includes $15MM of deferred revenues in the GASB 62 fund for SmartHome Battery and Resilience Hubs Initiative

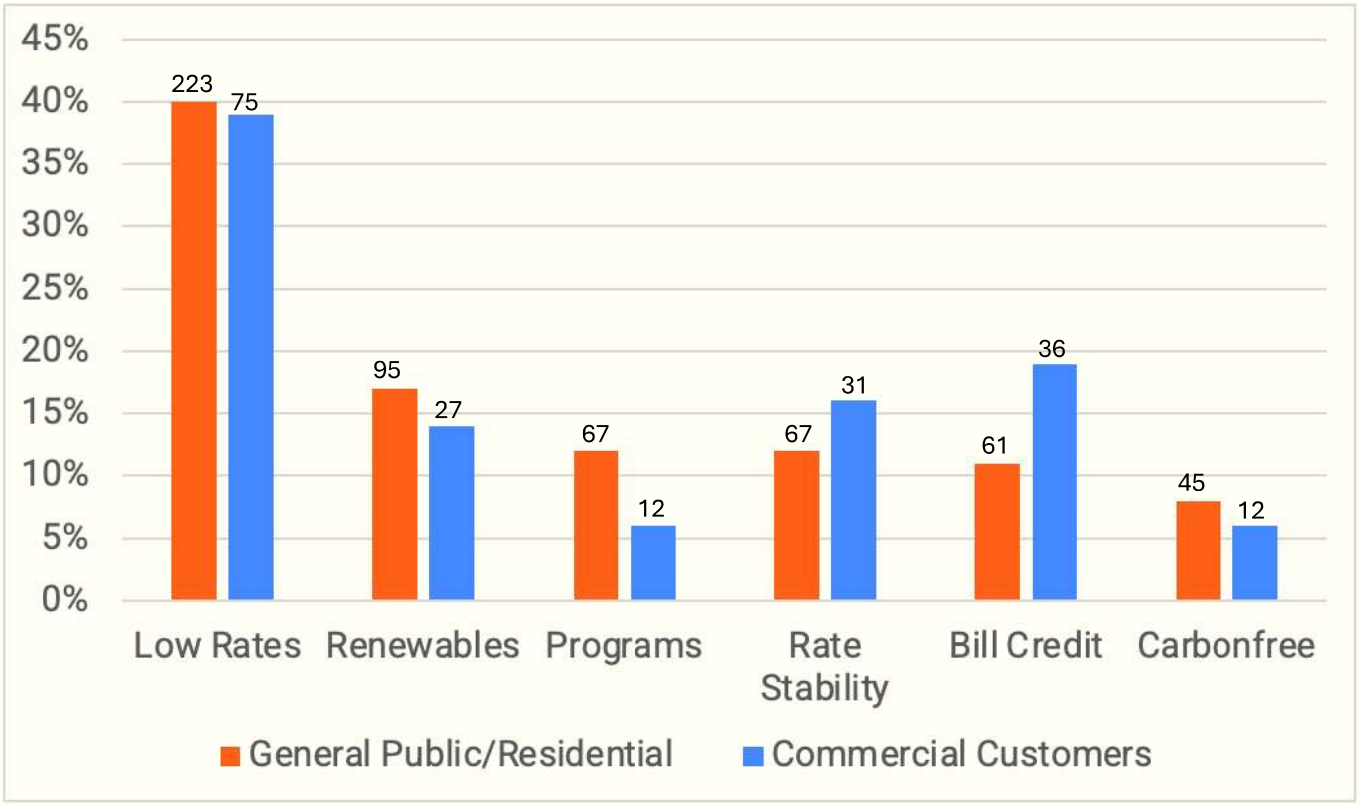
Recent Customer Survey Data

Details of customer survey data were recently provided at the September 2026 Board Meeting

Included here is a brief summary of results for a question asking customers to indicate their top choice for allocation of surplus revenue

Surveys were completed across Alameda and San Joaquin Counties with random sampling that generally reflected Ava's customer demographics

The survey included 557 general public/residential customers and 192 commercial customers



Next Steps & Conclusion

Ava staff have deferred the net revenues as reconciled with net position to the GASB 62 account to allow the Board to freely consider how to allocate the surplus.

- As such, the order of operations at the November 18th Board meeting should occur as follows
  - Receive the Fiscal Year 2025-2026 Audited Financial Statements
  - Review the Budget Actuals to Financial Statement reconciliation
  - Board discussion and potential action on deferred surplus revenue allocation
- This item was presented at the FAP on October 28th

⓾ Staff is seeking feedback from the committee on this informational item to inform future recommendations to the full board and desired timing for potential board action