Renewable Energy Procurement and Power Content Reporting

010/19/2026

Introduction & Overview of Topics

The purpose of this review is to provide an update on Ava's final 2025 power content and background information regarding renewable procurement and upcoming changes to power content reporting.

Topics:

- Compliance Landscape
- What is a Renewable Energy Certificate?
- Types of Renewable Energy Procurement
- Power Content Label Reporting
- Changes to Power Content Label
    - Line losses

Regulatory Landscape

Filing		Reporting Body	Est.	Data Reported
PSD, PCL	Power Source Disclosure, **Power Content Label**	Energy Commission	1997	Load, RE, Hydro, Nuke, Unsp.
RPS	Renewable Portfolio Standard	Public Utilities Commission	2020	Load, RE
RCPPP	Reliable and Clean Power Procurement Program	Public Utilities Commission	Under review	Load, RE, Hydro, Nuke, Unsp., RA

- **Electricity Load** by plan (Bright Choice and Renewable 100).
- **Renewable** generation attributes from solar, wind, small hydroelectric, biomass, etc.
- **Large Hydroelectric** carbon-free generation attributes.
- **Nuclear** carbon-free generation attributes.
- **Unspecified** generation attributes reflecting mix of resources from grid electricity.

- **Resource Adequacy** for back-up power; compliance requirement for the grid's worst days.

What is a Renewable Energy Certificate?

An accounting tool for renewable attributes to fulfill the CPUC's RPS Program as defined under CPUC D.08-08-028 and implemented through multiple Senate Bills.

The program defines three Portfolio Content Categories (PCCs), or "buckets."

PCC	Physical Renewable Energy	Renewable Energy Certificate
1	Generated in or delivered into a California Balancing Authority.	Certificate from same resource as energy.
2	Delivered to a non-California Balancing Authority; substituted with grid energy.	Certificate is not from same resource as energy.
3	Not paired or substituted with energy; AKA "Unbundled."	Certificate is not from same resource as energy.



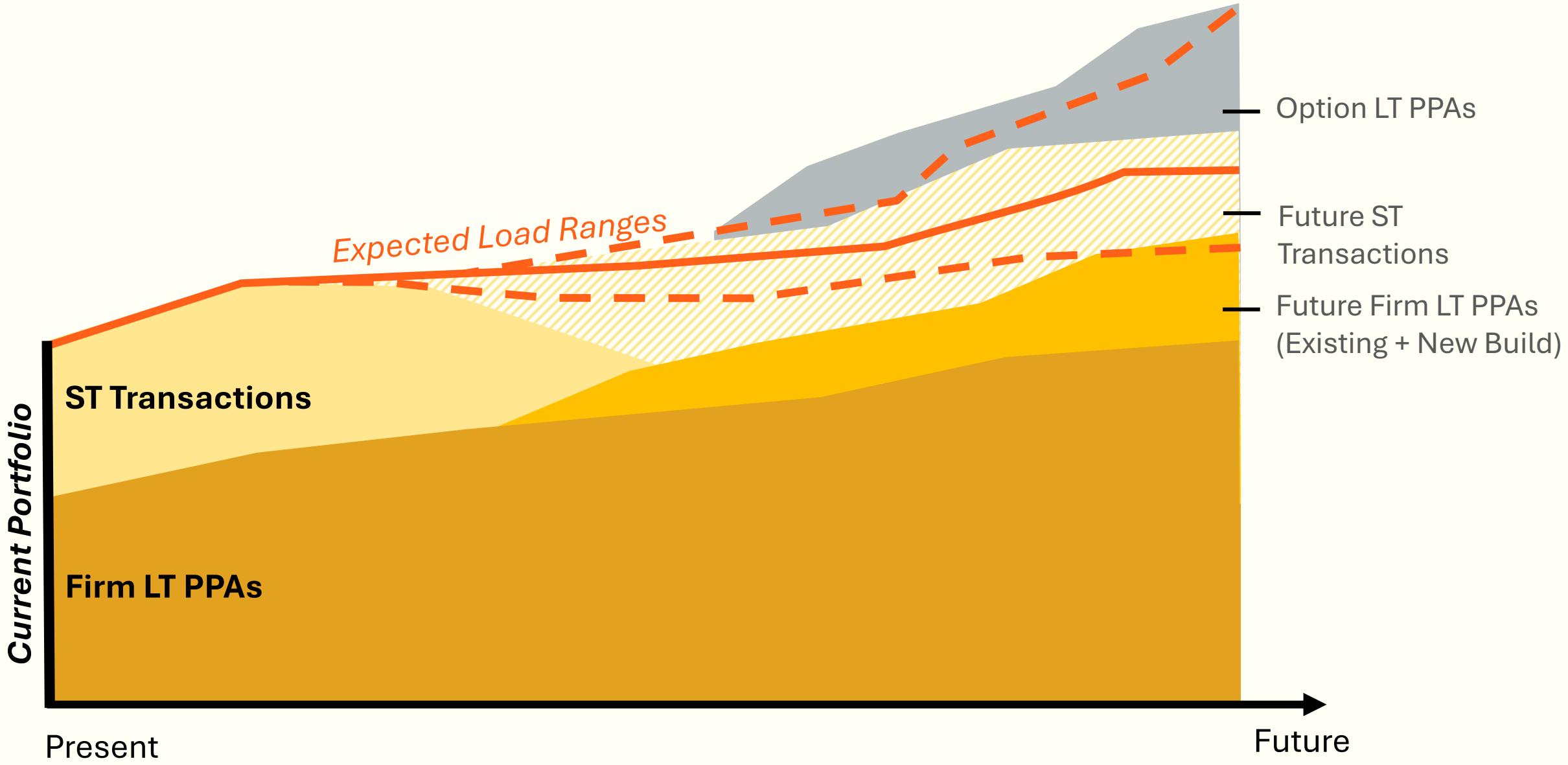


RPS-compliant portfolio: ≥75% PCC1s, ≤ 25% PCC2s, and ≤5% PCC3s. Ava no longer procures PCC3s and will phase out PCC2s by 2030.

Types of Renewable Energy Procurement

	Contract	Facility	Products	Benefits	Costs
Short-Term	Indexed	Existing	RECs	+ Portfolio Flexibility - Counterparty Credit Risk	+ Price Volatility Exposure - Portfolio Certainty
	Bundled	Existing	RECs, RA, Energy		
Long-Term	**Fixed** Power Purchase Agreement (PPA)	Existing	RECs, RA, Energy, BESS	- Price Volatility Exposure + Portfolio Certainty - Development Risks	- Portfolio Flexibility + Counterparty Credit Risk + Operational Risks
		New-Build	RECs, RA, Energy, BESS	- Price Volatility Exposure + Portfolio Certainty + Renewable Additionality	- Portfolio Flexibility + Counterparty Credit Risk + Development Risks + Operational Risks
	Option Power Purchase Agreement (PPA)	New-Build	RECs, RA, Energy, BESS	- Price Volatility Exposure + Portfolio Flexibility + Renewable Additionality - Development Risks	+ Cost Premium + Portfolio Complexity + Operational Risks

Timeline of Renewable Energy Procurement

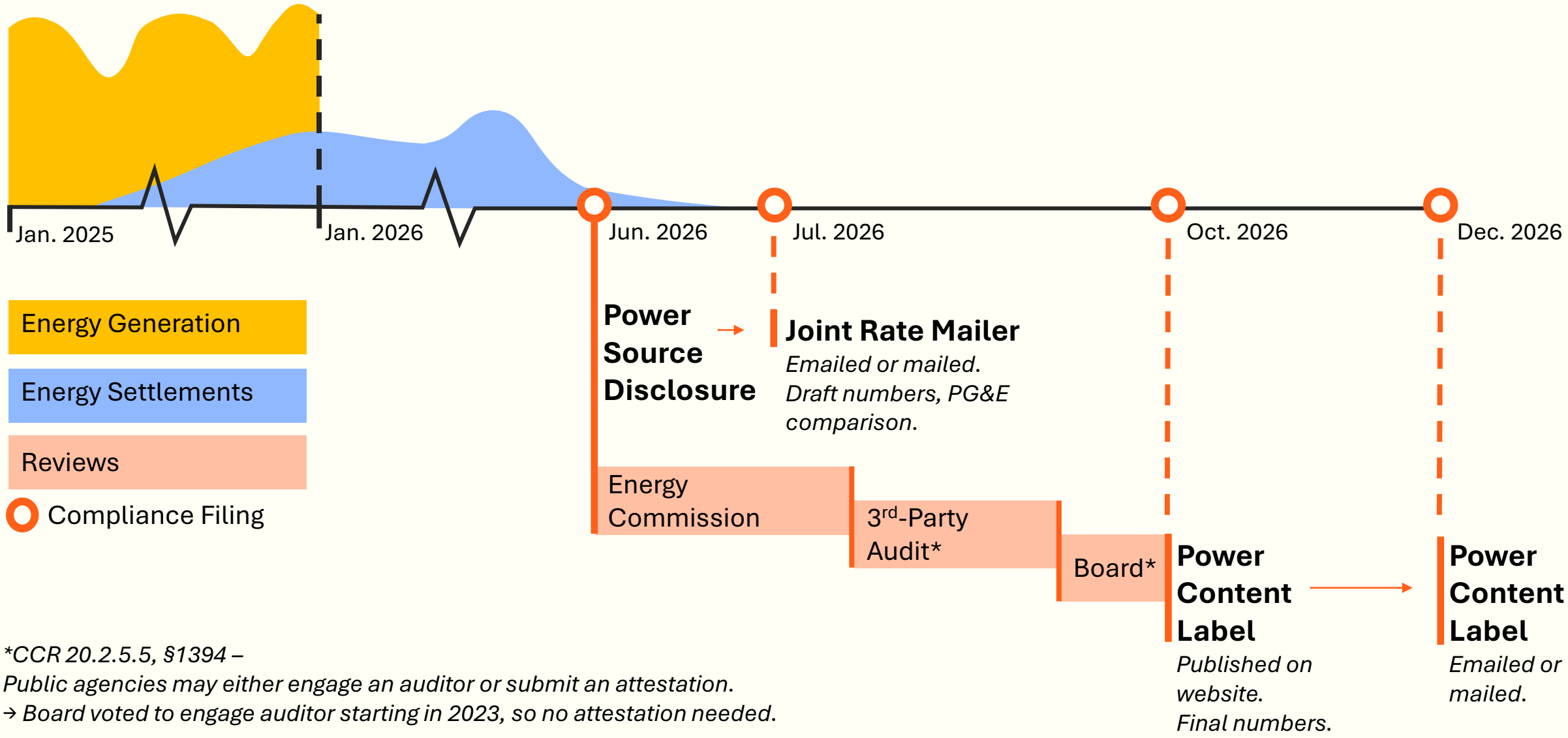


What is the Power Content Label?

- Published annually, based on the Power Source Disclosure Report for the prior calendar year's electricity generation from owned or contracted-for resources.
- Detailed breakdown of the sources of energy used to provide electricity.
- Submission is reviewed and approved by the California Energy Commission.

2024 POWER CONTENT LABEL Ava Community Energy	Bright Choice	Renewable 100	CA Utility Average
Greenhouse Gas Emissions Intensity (lbs of CO_2e emitted per megawatt hour)	**221**	**0**	**359**
Electricity Sources ■ Renewables and Zero-Carbon Resources ■ Fossil Fuels and Unspecified Power			
RPS Eligible Renewables	**62%**	**100%**	**45%**
Biomass & Biogas	10%	0%	2%
Geothermal	1%	0%	5%
Eligible Hydroelectric	2%	0%	2%
Solar	18%	77%	23%
Wind	31%	23%	14%
Large Hydroelectric	**34%**	**0%**	**10%**
Nuclear	**0%**	**0%**	**11%**
Emerging Technologies	**0%**	**0%**	**0%**
Other	**0%**	**0%**	**0%**
Natural Gas	**0%**	**0%**	**10%**
Coal & Petroleum	**0%**	**0%**	**2%**
Unspecified Power (primarily fossil fuels)	**4%**	**0%**	**22%**
Total	**100%**	**100%**	**100%**

What is the Power Content Label?



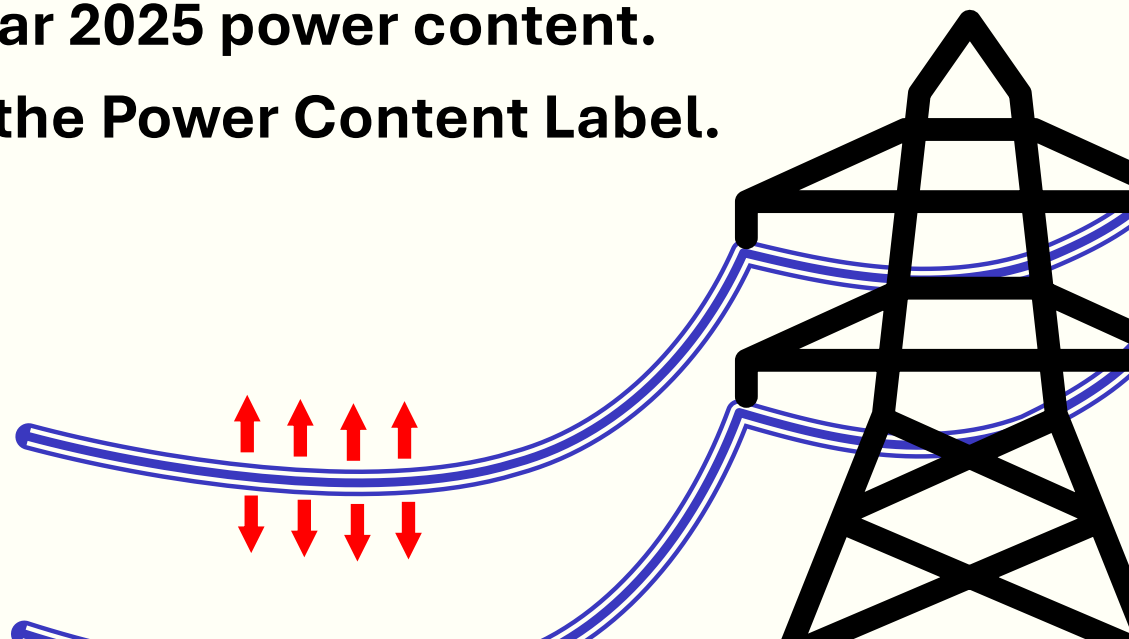
**CCR 20.2.5.5, §1394 –*
Public agencies may either engage an auditor or submit an attestation.
→ Board voted to engage auditor starting in 2023, so no attestation needed.

What are Line Losses?

- Line losses account for energy dissipating over transmission and distribution lines.
- Compliance reporting change will capture the emissions associated with the fraction of electrons that escapes as heat into the environment as they travel across power lines, from a power plant to the customer.

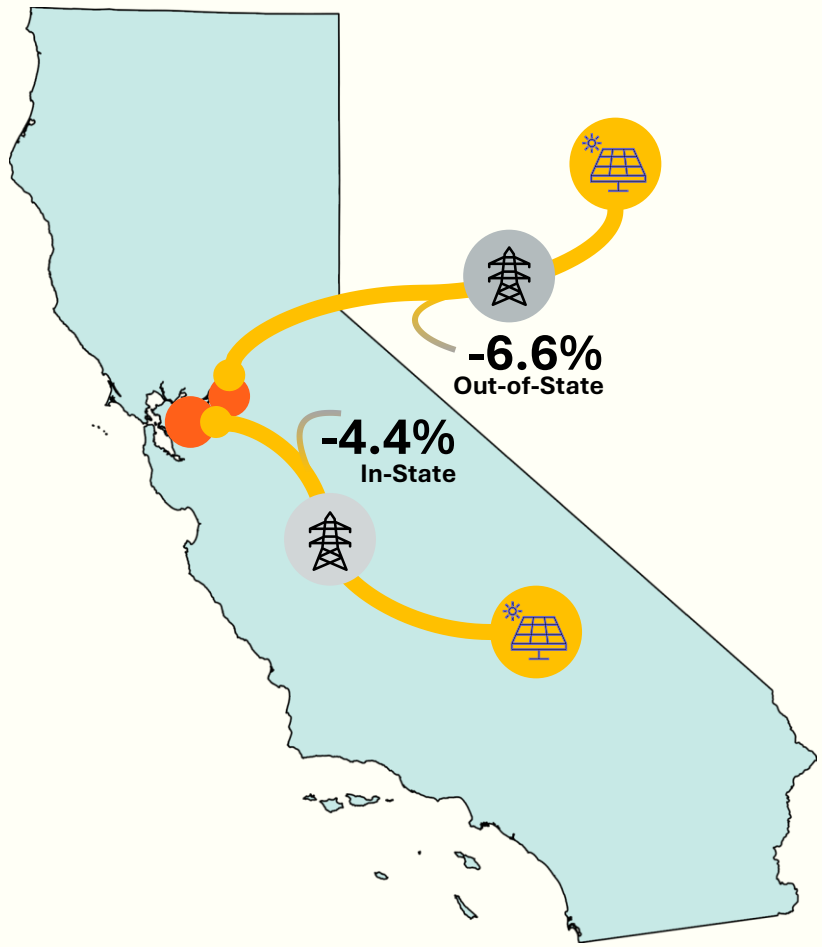
- **Effective for 2026 submission for Calendar Year 2025 power content.**
- **Line losses reporting is a new requirement in the Power Content Label.**

California Code of Regulations, 20.2.5.5 (July 2025)
§1392 (a.8.A) – "A retail supplier's transmission and distribution losses shall be determined by applying a loss factor to each specified resource and to unspecified power."
§1393 (b.2.B) – "retail suppliers shall report transmission and distribution losses associated with each procurement."



How much are Line Losses?

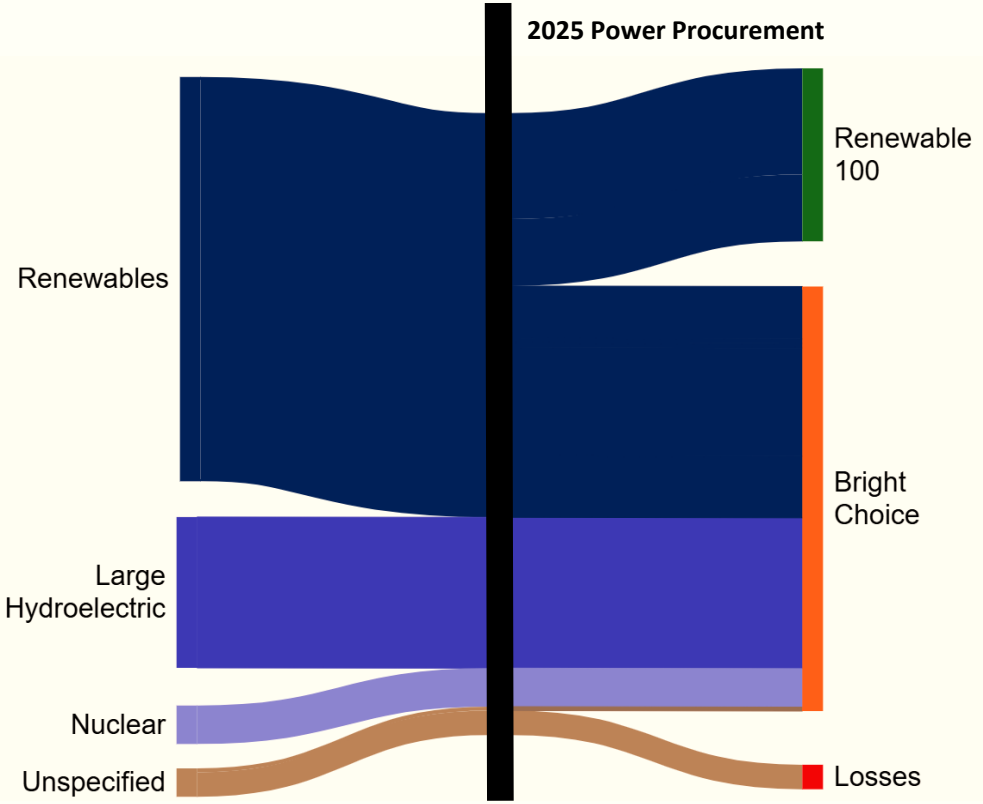
- Losses are assigned to each specified resource by location (in-state or out-of-state.)
- Additional specified procurement can cover some losses…
  - …but said procurement is also subject to line losses.



Line Losses

→ Increased ‘Unspecified Power’ and reduced RE/CF in total loss-adjusted load.

2025 Summary Power Content Label	Bright Choice	Renewable 100	Total Retail Sales	Total (Retail Sales & Line Losses)
GHG Emissions Intensity	**194**	**0**	**134**	**169**
Biomass & Biogas	12%	0%	9%	8%
Geothermal	1%	0%	1%	1%
Eligible Hydroelectric	1%	0%	1%	1%
Solar	26%	61%	36%	34%
Wind	15%	39%	21%	20%
Total Renewables	**55%**	**100%**	**68%**	**64%**
Large Hydroelectric	36%	0%	25%	24%
Nuclear	9%	0%	6%	7%
Unspecified Power	**1%**	**0%**	**1%**	**4%**



Ava 2025 Power Content Label

Ava Community Energy 2025 Power Content Label				
Emissions, Power Sources, Unbundled RECs	**Bright Choice** (Retail Sales)	**Renewable 100** (Retail Sales)	**Ava Community Energy Total** (Retail Sales, Other End Uses, & Losses)	**CA Utility Average** (Retail Sales, Other End Uses, & Losses)
Greenhouse Gas Emissions Intensity (lbs of CO_2e emitted per megawatt hour)	**194**	**0**	**169**	**384**
Renewables and Zero-Carbon Resources	**99%**	**100%**	**96%**	**67%**
Fossil Fuels	**1%**	**0%**	**4%**	**33%**
Biomass & Biogas	12%	0%	8%	2%
Geothermal	1%	0%	1%	5%
Eligible Hydroelectric	1%	0%	1%	1%
Solar	26%	61%	34%	25%
Wind	15%	39%	20%	14%
RPS Eligible Renewables - Subtotal	**55%**	**100%**	**64%**	**46%**
Large Hydroelectric	**36%**	**0%**	**24%**	**10%**
Nuclear	**9%**	**0%**	**7%**	**10%**
Emerging Technologies	**0%**	**0%**	**0%**	**0%**
Other	**0%**	**0%**	**0%**	**0%**
Natural Gas	**0%**	**0%**	**0%**	**11%**
Coal & Petroleum	**0%**	**0%**	**0%**	**2%**
Unspecified Power (92% fossil fuels)	**1%**	**0%**	**4%**	**21%**
Total	**100%**	**100%**	**100%**	**100%**
Retail sales covered by retired unbundled RECs	0%	0%	N/A	N/A

Conclusion

- This presentation was an informational review and no feedback is required at this time.
- The required regulatory changes in relation to the Power Content Label will be implemented for upcoming and future filings.
- Staff will continue to evaluate the potential impacts to portfolio management and consider bringing forth future items to the board related to Ava's power procurement targets.