



Avanath Green Power Policy & Requirements

Avanath has committed to achieving carbon neutrality by 2025 and net zero carbon by 2050 through a combination of energy efficiency, renewable energy, and renewable energy credits. Green power procurement is a critical part of Avanath's decarbonization strategy and represents a significant opportunity to cut emissions while supporting development of local clean energy capacity. This policy outlines Avanath's green power procurement strategy, requirements for green power procurement, additional criteria to consider, and opportunities for resident engagement around green power procurement.

Procurement Options

There are several renewable energy procurement options available to Avanath, with diverse contract mechanisms available for both on-site renewable energy generation and off-site purchasing. Self-generation options, where Avanath owns the generating assets, include on-site generation, off-site generation, and shared renewable energy contracts. Retail product options include utility supply, utility green tariffs¹, power purchase agreements, and unbundled RECs.

Avanath will procure renewable energy from sources that align with its guiding principles, prioritizing return on investment and decarbonization impacts in decision-making.

Guiding Principles

Avanath seeks to procure 100% renewable and carbon-free power either through self-generation or purchasing that electricity from utilities, or retail electricity suppliers. As we improve our properties through green power procurement over the next decade, we will engage and educate our residents on the benefits of renewable energy. We will adhere to the following guidelines in our purchasing practices:

- Purchase locally generated green power that carries with it economic development and social equity benefits for the communities where our properties are located.
- Purchase green power products that through our financial support, directly

contribute to the installation of new renewable energy capacity or expansion of generation existing sources.

- Enter into agreements that reduce the risk of future energy price increases and help relieve energy cost burdens for our tenants.
- Purchase products that reinforce Avanath's brand as a sustainability-oriented affordable multifamily housing organization and industry leader.

In seeking out green power products, Avanath will consider both risks and opportunities related to geography, market, and policy in its procurement strategy. If carbon-free power is not available, the lowest-carbon power options will be used in the interim. Table 1 provides an overview of how green power products align with Avanath's Guiding Principles.

Table 1. Matrix of Avanath Criteria and Renewable Energy Products

		Principles			
Products		Local Generation	Support New Renewable Energy Supply	Reduce Future Energy Price Risk	Demonstrate market leadership
	On-Site Self-Generation	Yes	Yes	Yes	Yes
	Off-site Self-Generation	Yes	Yes	Yes	Yes
	Power Purchase Agreement	Maybe	Yes	Yes, depending on negotiated price	Yes; RECs must be included
	Virtual Power Purchase Agreement	No	Yes	Yes, depending on negotiated price	Yes; RECs must be included
	Utility Supply	Maybe	Maybe	No	Maybe; RECs must be retired for Avanath
	Utility Green Tariff	Yes	Maybe	Yes, depending on negotiated price	Yes; RECs must be retired for Avanath
	Unbundled RECs	Maybe	Maybe (RPS RECs)	No	No

Requirements & Vetting Questions

When developing a request for proposal (RFP) from solar developers or renewable energy suppliers, including specific language in documents related to contract terms and renewable energy generation will allow Avanath to identify the strongest service providers. When evaluating green power providers, particularly in deregulated energy

markets, Avanath should consider:

- The terms² for short versus long-term contracts,
- The resource bundle that offers the most affordable for a large-scale purchase
- Length of time the supplier has offered green power options.
- Number of multifamily customers served.
 - Do they offer programs or opportunities that directly benefit residents?
- Number of projects of a similar magnitude completed in the past.
- Resource types (i.e., solar, wind) and where are these projects located.
 - Are there associated premiums with each resource type?
- Age of renewable projects or stage of projects in development.
- Ownership of the RECs if pursuing renewable energy through power purchase agreements of leasing rooftop or other property for on-site generation.

With respect to RECs, there are “compliance markets” and “voluntary markets”. Compliance markets exist in states with Renewable Portfolio Standard (RPS) requirements for electricity providers³. Voluntary markets are markets where RECs may be purchased by consumers to claim their electricity is from a renewable resource.

When seeking to purchase green power in regulated markets directly through the utility, Avanath will assess the source of the RECs associated with the green power options. Some of these RECs may be bought by the utility as a retail product. RECs may also be generated by utility-owned generation sources. This review will help determine how well utility-supplied green power aligns with company principles and support Avanath in making transparent and accurate claims about REC procurement.

Additional Criteria

In all markets, Avanath will weigh the following when assessing product providers:

- Favor suppliers and contractors who:
 - Provide clear company sustainability goals.
 - Offer third-party certified green power products.
 - Provide an electricity label for comparison against other providers.
- Prioritize green power contracts that:
 - Secure 100% renewable and carbon-free energy

- Prioritize locally generated renewable energy, such as community solar.
- Allow Avanath to claim all environmental benefits.

Other criteria to consider include, but are not limited to, contract length, the cost effectiveness of large-scale purchases, investment risk, and a price cap on the cost-per-kilowatt hour premium. Avanath may also investigate contract mechanisms that address financing issues specific to the affordable multifamily housing sector.

Tenant Engagement

Avanath is committed to making informed green power procurement decisions that align with our ESG policy, decarbonization strategy, and business objectives which includes engaging and educating tenants on the benefits of renewable energy. For properties located in deregulated markets, Avanath will assess available green power options and identify the best contract opportunity that will further all parties' sustainability interests. In regulated markets, green power purchase options through the local utility will also be considered.

Tenant energy consumption is the predominant source of Avanath's portfolio emissions. To accelerate energy conservation, Avanath will implement a robust resident engagement and behavioral change program that provides residents with data about their energy use, how to save energy, and the benefits of green power. Understanding that the most successful behavioral programs use three strategies – information campaigns, incentives, and social interaction – to achieve goals, Avanath will evaluate the following options:

- Engage a community energy advisor and organize virtual or in-person home energy assessments. These conversations could touch on opportunities for the tenant to purchase renewable energy, associated benefits, and Avanath's green power policy.
- Host community engagement meetings with residents, members from environmental advocacy groups, local development corporations, community housing associations, tenant associations, and business improvement districts to discuss opportunities for renewable energy and energy efficiency.
- Organize neighborhood energy challenges. The annual challenges will be prizes and awards to residents who participate and lower their energy use. Prizes could be handed out in a competitive structure or based on achieving certain levels of energy use reduction (5%, 10%, 20% reduction etc.).

To gauge the impact of these initiatives, Avanath will utilize satisfaction surveys or other polls sent out through social media to monitor how residents feel about the energy programs and the importance of green power purchasing overtime.

Appendix I: Opportunities for Tenant Engagement

Avanath can engage residents in green power procurement discussions through other initiatives such as energy efficiency by emphasizing the connection between the two strategies. Multifamily tenant energy efficiency programs generally focus on improvements through direct install and encouraging behavioral changes. Direct install programs are best coordinated with local utility programs and may include changing out lights or installing smart thermostats or water efficient fixtures (to reduce hot water use). The most successful behavioral programs use three strategies – information campaigns, incentives and social interaction – as a means to achieve goals.

Resident engagement and behavioral change programs seek to educate and engage residents around shared goals for resource conservation. Avanath should strive to make monthly energy consumption data and opportunities to save energy available to all residents. Avanath may share this information with residents directly or indirectly through others involved in the community including building managers, trades, community organizations, even city officials. Non-profit housing organizations can also be valuable partners in these programs.

While both direct install programs and behavioral programs offer opportunities to engage residents in discussions around renewables, the greatest opportunity to educate them on renewable energy will be through behavioral-type programs. Deploying information campaigns, incentives and social interactions are key strategies for any successful behavioral program.

- **Information Campaign:** Engaging a community energy advisor and organizing virtual or in-person home energy assessments can help kick-start an information campaign. This could be done in collaboration with the local utility; but where traditional home energy assessments focus on identifying energy efficiency opportunities, the energy advisor would focus more on educating the tenant about their energy use by reviewing bills, talking with tenants about their usage patterns and opportunities to save money. These conversations could touch on opportunities for the tenant to purchase renewable energy and associated benefits, and Avanath's priorities related to green power.
- **Social Interactions:** Hosting community engagement meetings with residents, members from environmental advocacy groups, local development corporations, community housing associations, tenant

associations, and business improvement districts can help accelerate Avanath's green power procurement goals and provide forums for diverse stakeholders to discuss opportunities for renewable energy and energy efficiency.

- **Incentives:** Neighborhood energy challenges can use prizes and awards to residents who participate and reduce energy consumption. Prizes may be handed out in a competitive structure or based on achieving certain levels of energy use reduction. Avanath may also consider deploying similar challenges or incentives for property management.