

AGENDA STAFF REPORT

MEETING NAME: REGULAR BOARD MEETINGS
MEETING DATE(S): SEPTEMBER 12 & SEPTEMBER 16, 2024
FROM: DANNY FRIEND – DIRECTOR OF OPERATIONS
FOR: ACTION X DIRECTION _____ INFORMATION _____



PUBLIC HEARING – RESOLUTION 2024-23 POWER PURCHASE AGREEMENT WITH TRIDENT MISSION SPRINGS LLC

STAFF RECOMMENDATION

Adopt Resolution 2024-23 and authorize the General Manager to negotiate and execute a Power Purchase Agreement (PPA) and Solar Facility Lease Agreement with Trident Mission Springs LLC (Trident) to design, build, and construct approximately 4 MW of renewable solar energy at seven MSWD sites.

SUMMARY

The PPA will include the installation of solar photovoltaic systems at seven MSWD sites (Horton WWTP, NWRWRF, Well 24, Well 27, Well 29, Well 32, Well 33/RES-BCT) and will generate approximately 4 MW of power and 9,000,000 kWh of renewable energy per year. The project includes applications with Southern California Edison (SCE) for two tariffs that will each yield significant savings to MSWD; the net energy metering service (NEM 2.0) and the renewable energy self-generation bill credit transfer (RES-BCT).

ANALYSIS

Previously, the Board considered a capital improvement project of more than \$17 M to complete a similar solar project, which was not approved due to the significant impact on MSWD's capital budget and bonding ability. The PPA will not impact the capital budget or MSWD's bonding ability. Instead, MSWD will use funds from its "energy budget" to buy the energy that is generated by the solar systems at a cost that is less than what MSWD currently pays to SCE. Based on current SCE rates, MSWD would pay SCE approximately \$1.2M for the energy that will be generated by the solar systems. Through the PPA, MSWD will pay Trident about \$900k for that energy, reducing the energy budget by approximately \$300,000 annually beginning in FY 2026. Factoring in future SCE rate increases, MSWD would save an estimated \$13 M over 25 years, which is the term of the PPA. The PPA also includes a guarantee that the solar systems will generate a minimum of 90% of the projected energy. If the PPA company fails to meet that level of energy production, Trident will pay MSWD for lost savings.

FISCAL IMPACT & STRATEGIC PLAN IMPLEMENTATION

The cost to design, build, operate, and maintain the project will be borne by Trident. The annual energy budget should be reduced by approximately \$300K in FY2027 with an estimated savings of approximately \$13 M over 25 years. This action is consistent with Strategic Plan Goal 5.1 - Increase Use of Sustainable Energy Sources and Optimize Efficiencies.

ATTACHMENTS

Attachment A – Notice of Public Hearing
Attachment B – Resolution 2024-23
Attachment C – Staten Solar, Inc. Proposal
Attachment D – Key Points and PPA with Trident Mission Springs LLC

FINANCIAL DATA		
Cost Associated with this action:	\$0	
Current FY cost:	\$0	
Future FY cost:	\$0	
Is it covered in current year budget:	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
Budget adjustment needed:	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
If yes, year needed:		
All previous contracts including dates, amounts and board approvals are attached or have been made available.		
FUNDING SOURCES		
Source of funds:	201/301	
BID/Job#	11776	
Current BID/Job balance	\$94,077	
Balance remaining if approved:	\$94,077	