# SWEETWATER SPRINGS WATER DISTRICT

**TO:** Board of Directors **AGENDA NO. V-K**

**FROM:** Ed Fortner, General Manager

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**Meeting Date: October 1, 2020**

**SUBJECT: Public Hearing to Approve the Sole Source Memorandum OF Understanding (MOU) with Golden State Renewable Energy LLC (GSR) to Supply Battery Storage**

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**RECOMMENDED ACTION:** Receive report from the General Manager. Approve MOU with GSR Energy LLC to supply battery storage at three District locations.

**FISCAL IMPACT:** N/A

**DISCUSSION:**

Golden State Renewable Energy LLC (GSR) contacted the District to offer Tesla battery storage backup for some of our pump station facilities. All our power usage infrastructure was investigated for such backup power viability. Our two highest power demand locations, El Bonita and Monte Rio well stations, were eliminated due to flooding concerns. Ultimately, three sites were considered viable, 9204 Monte Vista Terrace (Harrison Tank Pump Station), Park Avenue PS, and Sunset Avenue PS. The attached MOU states that the District will incur no costs for these installations. The State of California will reimburse GSR for their costs through a grant, and the District will enter into a ten-year lease with GSR for the use of the battery backups. Ten years is the useful life of the batteries. The timing of the availability of the Grant funding and the fact that the District will incur no cost are the reasons for the sole source and the Public Hearing requirement. Background information on GSR is also attached to this report. I recommend the Board approve this MOU with GSR Energy LLC.

# GSR Energy Overview

**September 2020**

GSR ENERGY

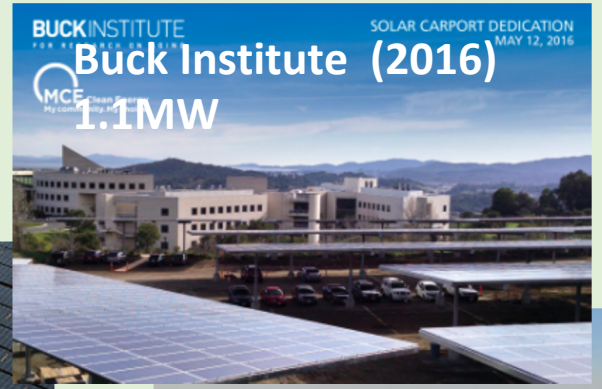
# GSR Energy

- Specialized battery storage and solar PV development company with focus on Behind-the-meter (BTM) commercial & industrial (C&I) energy storage and distributed Front-of-meter (FOM) projects interconnected at 12 kV
- Independent development shop with demonstrated track record in California

MARK THOLKE, FOUNDING PRINCIPAL
Chief Development Officer, Advanced Microgrid Solutions;
Vice President, EDF Renewable Energy, West Region

ALICE HARRON, PRINCIPAL
Owner, Harron LLC; Solar Millennium;
Principal Negotiator, PG&E Procurement

DEVELOPMENT TEAM (ex-AMS)
Josh Fyfe, VP Field Applications Engineering
Phillip Suna, Development Operations Manager



# GSR Energy Experience

- Completed 98 BTM energy storage projects totaling 80 MW and 370 MWh of installed capacity (design, engineer, procure, construct, interconnect, commission)
- Deployed more Tesla batteries to C&I market in 2016-2019 than any other company (including Tesla)
- Accomplishments (underscore opportunities for risk mitigation)

1. Established precedent for the entire CA storage industry for BTM battery interconnection, including defining interconnection processes for energy storage retrofitted to NEM solar sites
2. Innovated Totalized Metering protocol for multi-meter sites for energy storage sites, a CPUC policy adopted by the entire industry
3. Risk reduction via integration best practices, identifying scope gaps, and formalized feedback mechanisms for schedules and budgets
4. Heavy experience defining and managing scope of work for EPC vendors and orchestrating battery commissioning and pre-parallel inspections with transmission operators

GSR ENERGY

# GSR Energy – example projects

| Project Site Host Customer | Project Site Name | Power Rating (kW) | Energy Capacity (kWh) | Peak Duration (hrs) | Site PTO Date | City, State |
|---|---|---|---|---|---|---|
| Inland Empire Utilities Agency | RP4 | 1,500 | 3,132 | 2.1 | 5/18/18 | Rancho Cucamonga, CA |
| Inland Empire Utilities Agency | RP1 | 1,300 | 2,610 | 2.0 | 6/28/18 | Ontario, CA |
| Inland Empire Utilities Agency | CCWRF | 780 | 1,566 | 2.0 | 6/27/18 | Chino, CA |
| Irvine Ranch Water District | Tustin Well | 260 | 1,260 | 4.9 | 12/21/18 | Tustin, CA |
| Irvine Ranch Water District | Baker Water Treatment Plant | 1,225 | 6,300 | 5.1 | 12/21/18 | Lake Forest, CA |
| Irvine Ranch Water District | LAWRP | 1,040 | 5,040 | 4.9 | 12/14/18 | Lake Forest, CA |
| Irvine Ranch Water District | Principle Treatment Plant (PTP) | 520 | 2,100 | 4.0 | 12/18/18 | Irvine, CA |
| Irvine Ranch Water District | DATS | 1,000 | 6,000 | 6.0 | 6/7/17 | Santa Ana, CA |
| Silicon Valley Clean Water | SVCW WWTP | 1,040 | 2,088 | 2.0 | 4/1/20 | Redwood City, CA |
| Orange County Sanitation District | Plant 1 - 10844 Ellis Ave -05 | 4,940 | 32,560 | 6.6 | 8/20/19 | Fountain Valley, CA |
| Inland Empire Utilities Agency | RP5 | 500 | 1,000 | 2.0 | 6/1/16 | Inland Empire, CA |
| Irvine Ranch Water District | MWRD | 2,500 | 15,000 | 6.0 | 3/1/18 | Irvine, CA |

GSR ENERGY

# Behind-the-Meter C&I Energy Storage

- Turnkey Development Services
  - Pre-sales engineering support (engineering feasibility, ROM cost estimate)
  - Oversight for design & engineering
  - Self Generation Incentive Program (SGIP) - preparation and submittal of SGIP application, ongoing liaison with SGIP administrators, preparation and submittal of incentive claim form
  - Interconnection - securing all approvals from interconnection authorities, including preparation and submittal of initial interconnection application materials, monitoring progress throughout process, consummating signed interconnection agreement
  - Permitting - responsibility for securing all approvals from regulatory and Authorities Having Jurisdiction and interconnection approvals
  - Oversight of EPC Subcontractor activities related to construction and installation, underlying contracts to bankability standards

GSR ENERGY

# Self-Generation Incentive Program (SGIP)

- One of the longest-running & most successful distributed generation incentive programs in the USA
- Established 2001 during CA energy crisis (AB970)
- Directs ratepayer funded financial incentives to install new technologies behind the meter (BTM) to:
  - reduce electric demand
    - support distributed energy resources (DERs)
    - reduce GHG emissions (added 2009, SB412)
- Track record
    - 2200 projects w/ ~450 MW capacity completed,
    - 300+ projects in process w/ ~200 MW

GSR ENERGY

# Self-Generation Incentive Program (SGIP)

- 2018-2019: Major shift in SGIP due to CA wildfires, budget shifted from BTM generation to BTM energy storage
- Over $1B committed to SGIP budget thru 2024
  - 88% committed to energy storage
  - Majority of budget ($612M thru 2024) committed to 'Equity Resiliency' budget
  - Covers full cost of most energy storage systems ($1/watt-hr),
- Entire budget through 2024 will likely be fully reserved in 4- 8 weeks, funding unlikely to be replenished given expected state budget deficits

GSR ENERGY

# SGIP ‘Equity Resiliency’ Host Customer Criteria

Equity Resiliency budget supports resiliency for critical services, provide power during PSPS, wildfire outages, & weather related emergencies

Must meet 3 Key Criteria:

1. **Fire Threat** - facility located in a Tier 2 or Tier 3 High Fire Threat District or that has experienced 2+ Public Safety Power Shut-offs
2. **Critical Facilities** – 14 types of facilities, including “facility provides critical services, definition includes public and private water, wastewater, and flood control facilities”, and
3. **Eligible Community** - facility located in (or serves) disadvantaged community (DAC) or low-income area

GSR ENERGY

# SGIP Incentive Structure

- SGIP Incentives are paid out as reimbursements
- First 50% of the incentive amount is paid at system commissioning (approx 2-3 months after PTO)
- Remaining Performance-based Incentives paid out 10% / year for the 1st 5 years of system operations
- Owner of system must contract with vendor to report on battery system performance & confirm system reduces greenhouse gas emissions by 5% a year
- GSR Energy will administer all aspects of SGIP program
  - GSR Energy incentives aligned since GSR Energy remuneration via SGIP incentive depends on battery system performance over time.

GSR ENERGY

# RESOLUTION 20-23

## A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SWEETWATER SPRINGS WATER DISTRICT APPROVING THE MEMORANDUM OF UNDERSTANDING WITH GOLDEN STATE RENEWABLE ENERGY LLC (GSR) AND AUTHORIZING THE GENERAL MANAGER TO SIGN AND FINDING THE PROCUREMENT FOR THIS AGREEMENT IS EXEMPT FROM COMPETITIVE BIDDING OR PROPOSAL REQUIREMENTS

**WHEREAS,** the Sweetwater Springs Water District ("District") requires electricity to operate its facilities, including the operations of the pump stations at 9204 Monte Vista Terrace, Park Avenue, and Sunset Avenue and desires to ensure these facilities can continue to operate during events that result in the loss of electrical power; and

WHEREAS, during power outages, the District is required to place, monitor, and refuel gas-powered generators at its facilities to ensure the continuation of water services to District customers; and

**WHEREAS,** it was determined that a backup battery at certain facilities would provide greater certainty for continued operations in the event of a power outage and enable the District to continue providing water services to its customers; and

**WHEREAS,** District has engaged in discussion with GSR Energy LLC a renewable energy company, to assist with funding backup battery equipment and installation through a rebate program provided by the State of California and to purchase and install such back up batter equipment on District facilities; and

**WHEREAS,** GSR Energy LLC will purchase and install backup battery equipment on District facilities for the rebate amount awarded by the State of California and at no cost to the District; and

**WHEREAS,** Section 4217.10 of the Government Code authorizes District to enter into contract related to energy equipment and services on terms that the Board of Directors determines are in the best interests of the District where a public hearing is held and certain findings are made; and

**WHEREAS,** Section 4217.16 of the Government Code authorizes District to award such contract related to energy equipment and services after requesting proposals from qualified persons and evaluating such proposals based on experience of the contractor, type of technology employed by the contractor, cost to the District, and any other relevant considerations; and

**WHEREAS,** pursuant to relevant decisional authority, including *Graydon v. Pasadena Redevelopment Agency*, (1980) 104 Cal.App.3d 631, District has legal authority to award such energy services contract and related facility ground lease to

without requesting bids or proposals where the nature of the subject of the contract is such that competitive bids or proposals would be unavailing or would not produce an

advantage, and the advertisement for competitive bids or proposals would thus be undesirable, impractical, or impossible; and

**WHEREAS,** competitive bids or proposals would not produce an advantage here where the costs of equipment and installation will be reimbursed by the State of California; and

**WHEREAS**, the provision of water service by the District would be improved by the installation of backup batteries on District facilities; and

**WHEREAS**, on October 1, 2020, the Board of Directors conducted a duly noticed public hearing where it heard testimony and accepted a report from District staff establishing information that the anticipated cost to the District for the installation of backup batteries on District facilities will be less than the anticipated marginal cost to the District of otherwise providing backup electricity through gas-powered generators; and

**WHEREAS,** the District Board of Directors now desires to make the findings described below and approve a Memorandum of Understanding with GSR Energy LLC.

**NOW, THEREFORE, BE IT RESOLVED** by the Sweetwater Springs Water District Board of Directors as follows:

**Section 1.** The above recitals are true and correct and are incorporated herein as if stated in full.

**Section 2.** The Board of Directors finds as follows:

A. GSR Energy LLC is the sole source that can provide the backup batter equipment and installation services necessary to facilitate the continuation of District water services in the event of a power outage.

B. It is in the best interest of the District to enter into the Memorandum of Understanding with GSR Energy LLC attached hereto as Exhibit A; and

C. The anticipated cost to the District for electrical energy from backup batteries on District facilities will be less than the anticipated marginal cost to the District of otherwise providing backup electricity through gas-powered generators; and

D. The approval of the Memorandum of Understanding is exempt from formal or informal bid or proposal procedures because the nature of the subject of the Memorandum of Understanding is such that competitive bids

or proposals would be unavailing or would not produce an advantage, and the advertisement for competitive bids or proposals would thus be undesirable, impractical, or impossible.

**Section 3.** The General Manager is hereby authorized and directed to execute the Memorandum of Understanding attached hereto as Exhibit A and take all necessary actions to effect its purpose.

I hereby certify that the foregoing is a full, true, and correct copy of a Resolution duly and regularly adopted and passed by the Board of Directors of the SWEETWATER SPRINGS WATER DISTRICT, Sonoma County, California, at a meeting held on October 1, 2020, by the following vote:

| **Director** | **Aye** | **No** |
|---|---|---|
| Sukey Robb-Wilder | _____ | _____ |
| Tim Lipinski | _____ | _____ |
| Richard Holmer | _____ | _____ |
| Gaylord Schaap | _____ | _____ |
| Larry Spillane | _____ | _____ |

_____
Richard Holmer
President of the Board of Directors

_____
Attest: Julie A. Kenny
Clerk of the Board of Directors

**COMMERCIAL BATTERY ENERGY STORAGE SYSTEM (BESS) INSTALLATION**
**Memorandum of Understanding at SGIP Application**
**Between GSR Energy and Sweetwater Springs Water District**

| **GSR Energy** | **CLIENT** |
|---|---|
| 1 Clipper Cove<br>San Francisco, CA 94130<br>Phone: 925.548.8826 | Sweetwater Springs Water District<br>17081 CA-116<br>Guerneville, CA 95446 |

| **INSTALLATION ADDRESS (the "Premises")** |
|---|
| See Section 1.2, below |

This agreement (the "**MOU**") is entered into by and between Sweetwater Springs Water District, a California special district ("**Client**"), and GSR Energy, a Renewable Energy Company ("**GSR Energy**"). to memorialize the initial steps toward the installation of a battery energy storage system to be installed by GSR Energy (the "**BESS**"). GSR Energy is licensed in California and any subcontractors that perform work of a material nature will also be licensed in California. This MOU provides an overview of our agreement and will be followed by a detailed Contract that describes all commercial and technical aspects of the BESS (the **"Contract")** that shall be signed by Client and GSR Energy within ninety (90 days) of the date of this MOU unless this MOU is terminated pursuant to the terms herein.

## MOU TERMS

### 1.1 Contract Price and Rebate Amount

The total price for GSR Energy to complete the Projects shall be $91,549, and the calculated California Self Generation Incentive Program (SGIP) rebate is $91,549. This price shall cover all project costs, including materials and labor for installation of the battery energy storage system, which includes system sizing based on Client-provided information, management of all aspects of the Self Generation Incentive Program (SGIP) incentive process, design and engineering, interconnection[1], sales tax, shipping and handling of all equipment and materials, site preparation, construction and installation, and clean up. The total price and SGIP rebate amount may change upon further site investigation. In the event the price increases and/or the SGIP rebate amount awarded does not cover one hundred percent (100%) of the costs for the service

and equipment described herein, this MOU may be terminated upon written notice by either Client or GSR Energy within thirty (30) days of actual knowledge of the determination of the SGIP amount awarded or of the actual knowledge of the determination that no rebate will be provided. In the event Client terminates this MOU as provided herein, Client will owe no payment for services, equipment, or any other charges to GSR Energy.

### 1.2 Description of BESS Installation Project

The Project shall be completed in accordance with the following Project description:

| **Project Location** | **Service Account ID** | **Meter Number** | **Size of Project**[1] | **Incentive Amount** |
|---|---|---|---|---|
| 9204 Monte Vista Terrace | 4326107113 | To Be Completed | 10 kW/ 26.4 kWh battery storage | $26,400 |
| Park Avenue | 4326757783 | To Be Completed | 15 kW/39.6 kWh battery storage | $38,749 |
| Sunset Avenue | 4324682960 | To Be Completed | 10 kW/ 26.4 kWh battery storage | $26,400 |

**Technology:** 2 Tesla Powerwall 2 units, each 5kw Real Power/13.2kWh Usable Energy

**Operations and Warranty:** Operated and Warranted by GSR Energy for 10 years

**Description of back-up capabilities:**

GSR Energy will design and install a state-of-the-art BESS to provide back-up power capabilities upon loss of normal power from Client's utility provider during weather events, planned Public Safety Power Shutoffs, and other grid reliability issues.

The duration (i.e., number of hours) of back-up power will depend on final system design, average load, and daily energy consumption. As part of the project design, GSR Energy will ensure that each facility's circuits that are backed up during an outage are isolated from the grid through the use of an Automatic Transfer Switch. This is to ensure that during an outage, the facility's electrical system will continue to operate and provide electricity to the connected circuits and appliances and pose no safety risk to the utility. The duration of power during the power outage will vary depending on consumption. GSR Energy recommends energy conservation during outage events

### 1.3 Additional Terms

Client authorizes GSR Energy to act as its Incentive Provider to facilitate qualifying the BESS for the Self Generation Incentive Program ("**SGIP**") rebate provided by the State of California. GSR Energy shall, in its sole responsibility, submit a Refundable Deposit with the SGIP rebate application for this project in the amount of five percent (5%) of the calculated SGIP rebate, which has been calculated to be four thousand five hundred seventy seven dollars and forty five cents ($4,577.45).

Client shall work in good faith to facilitate the preparation and submission of forms and other documents necessary to apply for the rebate program, execution of a contract for installation and equipment, and completion of the Project by required SGIP rebate deadlines.

GSR Energy shall secure financing to pay for the capital expense of the BESS at no cost to Client.

Client shall complete and submit all forms necessary to assign the SGIP rebate to GSR Energy.

Client or GSR Energy may cancel this MOU at any time within ninety (90) days of its execution, except that Client may not cancel for the purposes of proceeding with the installation of a BESS at the Project Location with another contractor or vendor for twelve (12) months.

IN WITNESS WHEREOF, the parties have executed this Contract as of the Effective Date.

| **CLIENT:** | **GSR ENERGY:** |
|---|---|
| _____ | _____ |
| Signature | Signature |
| _____ | _____ |
| Print Name | Print Name |
| _____ | _____ |
| Title | Title |
| _____ | _____ |
| Date | Date |

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