



Santa Clara Valley Water District

File No.: 20-0762

Agenda Date: 9/8/2020

Item No.: 3.3.

BOARD AGENDA MEMORANDUM

SUBJECT:

Slate Energy Storage Project Rate Agreement for Battery Storage with the Power and Water Resources Pooling Authority.

RECOMMENDATION:

Authorize the Chief Executive Officer to negotiate and, following Valley Water's compliance with the California Environmental Quality Act as needed, execute the Slate Energy Storage Project Rate Agreement with the Power and Water Resources Pooling Authority to add battery storage to the Recurrent Energy Slate solar project.

SUMMARY:

On November 20, 2018, the Santa Clara Valley Water District (Valley Water) Board of Directors delegated the Chief Executive Officer (CEO) the authority to negotiate and execute a rate agreement with the Power and Water Resources Pooling Authority (PWRPA) to allow Valley Water to secure a 1.5 megawatt (MW) solar allocation from the Recurrent Energy Slate solar project (Solar Project), a 330 MW utility-scale solar project in Kern County. The rate agreement for the solar allocation was executed by Valley Water's CEO in April 2019.

PWRPA is also participating in the development of the Slate Energy Storage Facility, which will enable storage of electricity produced by the Solar Project. Through PWRPA, Valley Water has negotiated a 500-kilowatt battery energy storage allocation from the Slate Energy Storage Facility, which will allow storage of Valley Water's electrical allocation from the Solar Project. The proposed Slate Energy Storage Project Rate Agreement (Battery Storage Rate Agreement) would pass the costs (as well as savings) associated with Valley Water's battery storage allocation from PWRPA to Valley Water during the anticipated 20-year life of the Solar Project.

The addition of a battery energy storage system provides greater flexibility in managing the generated output of Valley Water's electrical allocation from the Solar Project to adapt to changing market and demand conditions. The battery energy storage system will also help increase the capacity of the overall Solar Project and provide a cost-effective option to meet resource adequacy regulations set in place by the California Public Utilities Commission to ensure safe and reliable operation of the utility power grid.

While using the generated renewable energy more effectively, all available cost-benefit analysis

shows a positive value for the battery energy storage system. With conservative assumptions for future resource adequacy value, the addition of the battery storage to its current electrical allocation from the Solar Project is estimated to provide an annual cost savings of approximately \$1200 per year for the 20-year duration of the Solar Project, with greater savings available during volatile energy years.

FINANCIAL IMPACT:

Staff estimates an annual savings of \$1200 associated with approval of this Battery Storage Rate Agreement. Adequate funding for PWRPA electricity is budgeted in the ongoing operational budget for the following project budgets: Building and Grounds Project (60101002), RWTP General Operations (93291012), STWTP General Operations (93281005), PWTP General Operations (93231009), Raw Water T&D General Operation (92761001), San Felipe Reach 3 Operation (91231002), and SVAWPC Facility Operations (91281007).

CEQA:

The CEQA evaluation of the Slate Energy Storage Facility will be completed by the lead agency, the County of Kings. The recommended action to delegate authority to the CEO to negotiate and execute Slate Energy Storage Project Rate Agreement will be conditioned upon compliance with CEQA. Once the lead agency completes its CEQA review, Valley Water will comply with any necessary requirements applicable to a responsible agency before executing the 20-year Rate Agreement.

ATTACHMENTS:

Attachment 1: Agreement

UNCLASSIFIED MANAGER:

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