



County of San Mateo

Inter-Departmental Correspondence

Department: GOVERNING BOARD

File #: 23-213

Board Meeting Date: 4/11/2023

Special Notice / Hearing: 10-Day Publication Notice

Vote Required: Majority

To: Honorable Board of Supervisors

From: Carolyn Bloede, Director, Office of Sustainability

Ann M. Stillman, Director, Department of Public Works

Subject: Energy Power Purchase Agreement with Peninsula Clean Energy Authority for 2500 Middlefield Road, Redwood City

RECOMMENDATION:

Recommendation to:

- A) Open public hearing
- B) Close public hearing
- C) Adopt a resolution making findings required by Government Code Section 4217.12 and authorizing a solar energy power purchase agreement between the County of San Mateo and Peninsula Clean Energy Authority for the purchase of energy at a fixed rate allowing for design, installation, operation, and maintenance of a rooftop solar photovoltaic system for the San Mateo County Human Services Building located at 2500 Middlefield Road, Redwood City.

BACKGROUND:

This Power Purchase Agreement (PPA) reflects the Board's unwavering commitment to climate action by facilitating the production of clean, local, and affordable energy. By reducing greenhouse gas emissions and laying the groundwork for carbon neutrality, this project aligns with the strategies outlined in the Government Operations Climate Action Plan adopted in 2021 (Resolution No. 077960). This PPA reflects the culmination of a successful collaboration between Peninsula Clean Energy Authority (PCE), the Office of Sustainability, the Department of Public Works, and ten other jurisdictions to procure clean energy through an innovative procurement model.

In 2021, PCE initiated an effort to pilot an aggregate procurement model to install solar power at public facilities using a PPA agreement structure to help reduce the costs and complexities for its local government partners. A PPA is a financial contract between an electricity provider and a

purchasing customer where the provider arranges for the design, permitting, financing and installation of a solar energy system on a customer's property and establishes a fixed rate for the sale of energy back to the customer over a long-term period. By acting as the counterparty to the PPA and hiring an independent engineer to analyze the buildings in the pilot portfolio, PCE reduced risks for all parties involved and streamlined the procurement process. This innovative group procurement model supports local government partners in increasing the use of renewable energy while obtaining the financial benefits of a solar photovoltaic (PV) systems with no upfront costs and without incurring the staff time, cost, and the complexity of running its own solicitation.

DISCUSSION:

Government Code section 4217.12 (a) authorizes a public agency to enter into an energy services contract such as this PPA if the determination is made at a regularly scheduled public hearing (public notice of which was given two weeks in advance of the public hearing) that the anticipated cost to the public agency for thermal or electrical energy or conservation services provided by the energy conservation facility under that contract will be less than the anticipated marginal cost to the public agency of thermal, electrical, or other energy that would have been consumed by the public agency in the absence of those purchases. Public notice was given two weeks in advance of this public hearing.

In June of 2021, PCE worked with its Joint Power Authority members, including the County, to identify candidate facilities and develop solar PV system design concepts for a selection of jurisdiction-owned sites. PCE engaged the services of an independent engineering firm through a competitive solicitation and, working with County staff, identified a solar PV concept for the County's facility at 2500 Middlefield Road. With commitment from ten cities (Atherton, Brisbane, Colma, San Mateo, Hillsborough, Los Banos, Millbrae, Pacifica, San Bruno, and San Carlos) and the County, PCE conducted a competitive public-procurement process and awarded a contract to Intermountain Electric Company for installation of the solar PV systems. The pilot will result in the installation of 12 solar PV systems, across 11 jurisdictions, for a total installation of 1.76 megawatts of locally generated clean energy.

The terms of this PPA with PCE include the design, installation, operation, and maintenance of a 125.5 kilowatt rooftop solar PV system at 2500 Middlefield Road. The PPA provides favorable pricing at a fixed rate of \$0.147 per kilowatt-hour (kWh) for a 20-year term with the option to renew for up to two additional terms of up to 5 years each (10 years total). The PPA is projected to result in an anticipated reduction in energy costs and net cost savings of up to \$790,000 over the 20-year term. In addition to the favorable fixed-rate pricing, the PPA will provide the County with a hedge against rising utility rates, which over the course of a 20-plus year system life may be significant. The PPA is provided "at cost" by PCE to cover equipment and installation. In addition, PCE will retain a small \$/kWh fee to cover its expenses and will be transparent with the County about all salient aspects of the project's financials. The PPA includes a 90% performance guarantee over the 20-year term.

A copy of the final PPA is attached hereto as Attachment A and incorporated herein. County Attorney has reviewed and approved the resolution as to form.

FISCAL IMPACT:

There is no Net County Cost or upfront cost to the County for the installation or maintenance of the power system. Once installed, this solar PV system will deliver immediate cost savings. These are expected to grow over time due to avoided increases in utility costs which are projected to rise as

much as 5% or more per year according to proposals by Pacific Gas and Electric Company at the California Public Utilities Commission.

ATTACHMENTS:

A: Solar Power Purchase Agreement - County of San Mateo and Peninsula Clean Energy Authority