



Consent Item 10

TO: East Bay Community Energy Board of Directors

FROM: Jim Dorrance, Power Resources Manager

SUBJECT: RE Scarlet 1, LLC Amendment (Action Item)

DATE: February 15, 2023

Recommendation

Adopt a Resolution authorizing the Chief Executive Officer (CEO) to negotiate and execute an Amendment to an existing Power Purchase Agreement (PPA) with RE Scarlet 1, LLC.

Background and Discussion

East Bay Community Energy (EBCE) executed a Solar and Storage PPA with EDPR CA Solar Park VI, LLC on June 21, 2019, this agreement was assigned to RE Scarlet 1, LLC when the original project named Sonrisa Solar Park was switched to a closely located and similar, alternative project named Scarlet 1 Solar Park (Scarlet). The original project was evaluated during EBCE's CA Renewable Energy Request for Proposals that was launched in June 2018 and the agreement was approved for execution during EBCE's Board of Directors meeting on June 19, 2019. The details of the Scarlet project are below:

20-year delivery term for a 100 mega-watt (MW) solar project paired with a 30 MW/120 MWh lithium-ion battery located in Fresno County. The agreement had the project with an online date in December 2022 and the developer for the project is EDP Renewables (Seller).

There have been some challenges during the development of the project largely resulting from supply chain disruption associated with the COVID-19 pandemic and changes to trade policy. The development of the Scarlet project faced further challenges in finalizing permitting with the representative county and was given an allowable extension under the agreement that extended the online date from

December 2022 to March 2023. Currently, the project is impacted by the Seller's ability to import the needed photo-voltaic (PV) panels that are required to construct the solar generation component of the project. The delays in getting the PV panels to the project site has precipitated a request from the Seller to further extend the online date.

The Seller is asking EBCE to amend the Agreement to allow an extension of the online date from March 2023 to November 2023 to allow adequate time for the PV panels to arrive on site and complete the installation and project construction. Due to the delay and the impact to EBCE customers the Seller is offering Resource Adequacy ("RA") from a new-build facility that is currently under contract by the Seller and would be able to provide grid reliability in the form of RA starting in June 2024. EBCE is currently working with the Seller to negotiate an Amendment to the Agreement that is structured to allow the Scarlet project to be built for EBCE and at the same time provide value back to EBCE customers for the absence of renewable generation and RA caused by the delay.

EBCE is asking the Board to Authorize the CEO to continue these negotiations and when complete execute an Amendment that is beneficial to EBCE but allows for sufficient schedule relief for the Seller to allow the project to be built.

Fiscal Impact

Exact costs are impossible to quantify as there are multiple "if/then" scenarios still in motion. The project's delay beyond the March 2023 online date will increase costs and create a need for EBCE to buy replacement products (Renewable Energy, RA) that would have come from the project for the duration of the delay. However, some of this cost will be mitigated with the additional supplemental RA at a below market rate from the new facility with an online date in June 2024.

Attachments

- A. Resolution Authorizing the CEO to Negotiate and Execute an Amendment to a Power Purchase Agreement with RE Scarlet 1, LLC

RESOLUTION NO. R-2023-XX

A RESOLUTION OF THE BOARD OF DIRECTORS

**OF THE EAST BAY COMMUNITY ENERGY AUTHORITY AUTHORIZING THE CEO TO
NEGOTIATE AND EXECUTE AN AMENDMENT TO A POWER PURCHASE AGREEMENT
THAT HAS BEEN EXECUTED WITH RE SCARLET 1, LLC**

WHEREAS The East Bay Community Energy Authority (“EBCE”) was formed as a community choice aggregation agency (“CCA”) on December 1, 2016, Under the Joint Exercise of Power Act, California Government Code sections 6500 *et seq.*, among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions. The cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of EBCE and parties to the JPA in March of 2020.

WHEREAS EBCE has executed a Power Purchase Agreement with EDPR CA Solar Park VI LLC, on June 21st, 2019, for a solar and storage project; and

WHEREAS, the Power Purchase Agreement was assigned to RE Scarlet 1, LCC on March 21st, 2022; and

WHEREAS, the project is a 100 MW solar project paired with a 30 MW/120 MWh lithium-ion battery based in Fresno County; and

WHEREAS, the project is expected to be operational by March 30th, 2023, for a term of 20-years; and

WHEREAS, EBCE has negotiated with the Seller to find an equitable path to allow schedule relief in the form of extending the online date to November 1st, 2023.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE EAST BAY COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The CEO is hereby authorized to negotiate and execute an Amendment to an existing Power Purchase Agreement with RE Scarlet 1, LLC.

ADOPTED AND APPROVED this 15th day of February, 2023.

Jen Cavanaugh, Acting Chair

ATTEST:

Adrian Bankhead, Clerk of the Board