



Consent Item 7

To:	Ava Community Energy Authority Board
From:	Joanie Brooke – Power Resources Manager
Subject:	Adopting a Resolution of the Board of Directors of Ava Community Energy Authority Authorizing the Chief Executive Officer to Negotiate and Execute an Amendment to the Power Purchase Agreement with Corsac Generating Station 1 LLC
Date:	July 17, 2024

Summary/Recommendation

Adopt a Resolution of the Board of Directors of Ava Community Energy Authority Authorizing the Chief Executive Officer (“CEO”) to Negotiate and Execute an Amendment to the Power Purchase Agreement (“PPA”) with Corsac Generating Station 1 LLC (“Seller”).

Background

On April 6, 2022, Ava executed a PPA with FEC Nevada 1 LLC for a 40-megawatt (“MW”) geothermal energy project located in Churchill County, Nevada (“Project”). The Project was offered during Ava’s 2020 Renewable Energy and Storage Request for Offers (“RFO”) that was launched in October 2020, and the PPA was negotiated after the RFO and was approved for execution by the Board on January 19, 2022. On August 24, 2022, the name of the contracting entity was legally changed from “FEC Nevada 1 LLC” to “Corsac Generating Station 1 LLC”.

The developer for the Project is Fervo Energy, and the delivery term is 15 years. The Project’s expected commercial operation date per the PPA is May 1, 2026, with the ability to extend that deadline to February 2028, under certain conditions in the PPA.

Ava plans to use generation and capacity from the Project to meet a portion of the procurement requirements under the Mid-Term Reliability (“MTR”) Long Lead Time regulations.¹ On February 20, 2024, the California Public Utilities Commission (“CPUC”) voted to allow additional time to bring new geothermal resources online, under the MTR program rules. This decision allows Ava to extend the Project’s expected commercial operation date as late as June 2031.

In late 2023, the Seller notified Ava of delays to the development of a new large-scale transmission project through northern Nevada, impacting the Project’s financing timelines and extending the expected commercial operation date to April 1, 2030. Additionally, under the structure of the PPA, the Seller had the right to exit the PPA if timely federal funding was not achieved. To lower the risk of the Seller exiting the PPA, a price adjustment was negotiated and the Seller’s near-term exit rights were removed with others narrowed in scope, in addition to the adjustment to the expected online date.

This Project is valuable for Ava customers, providing renewable and reliable energy with competitive terms and pricing. Ava is required to have a geothermal project contracted and operational by the prescribed dates in the MTR regulations; this Project meets the prescriptive requirements of the MTR decision including its ability to achieve commercial operation by 2031.

Staff is asking the Board to authorize the CEO to continue these negotiations, and when complete, execute an amendment for the Project. The amended contract will effectuate the terms described above, as well as necessary administrative revisions like updating the name of the contracting entity to Corsac Generating Station 1 LLC.

Attachments

- A. Resolution of the Board of Directors of Ava Community Energy Authority Authorizing the Chief Executive Officer to Negotiate and Execute an Amendment to the Power Purchase Agreement with Corsac Generating Station 1 LLC.

¹ As defined in CPUC Decision D.21-06-035: Decision Requiring Procurement to Address Mid-Term Reliability 2023-2026.

RESOLUTION NO. R-2024-XX

A RESOLUTION OF THE BOARD OF DIRECTORS

OF AVA COMMUNITY ENERGY AUTHORITY AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO NEGOTIATE AND EXECUTE AN AMENDMENT TO THE POWER PURCHASE AGREEMENT WITH CORSAC GENERATING STATION 1 LLC

WHEREAS the Ava Community Energy Authority (“Ava”) was formed as a community choice aggregation agency (“CCA”) on December 1, 2016, under the Joint Exercise of Power Act, California Government Code section 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 Ava and parties to the Joint Powers Agreement (“JPA”) in March of 2020. The city of Stockton, located in San Joaquin County was added as a member of Ava and party to the JPA in September of 2022. The city of Lathrop, located in San Joaquin County, was added as a member to Ava and party to the JPA in October of 2023. On October 24, 2023, Ava legally adopted the name Ava Community Energy Authority, where it had previously used the name East Bay Community Energy Authority since its inception.

WHEREAS Ava executed a Power Purchase Agreement (“PPA”) with FEC Nevada 1 LLC on April 6. On August 24, 2022, the name of the contracting entity was legally changed from “FEC Nevada 1 LLC” to “Corsac Generating Station 1 LLC” (“Seller”); and

WHEREAS the PPA is for a 40-megawatt (MW) geothermal energy project based in Churchill County, Nevada (“Project”); and

WHEREAS the PPA provides that the Project has an expected commercial operation date of May 1, 2026, for a term of 15 years; and

WHEREAS Ava has negotiated with the Seller to find an equitable path to adjust the contract price, extend the expected commercial operation date to April 1, 2030, and narrow the Seller’s remaining exit rights through an amendment to the PPA.

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

Section 1. The CEO, in consultation with staff and legal counsel, is hereby authorized to negotiate and execute an Amendment to the Power Purchase Agreement with Corsac Generating Station 1 LLC to effectuate the revisions described above.

ADOPTED AND APPROVED this 17th day of July, 2024

Jack Balch, Chair

ATTEST:

Adrian Bankhead, Clerk of the Board