



Consent Item 9

To:	Ava Community Energy Authority
From:	Andy McElroy, Local Development Solar & Storage Associate
Subject:	Approving a resolution to execute a Professional Services contract extension with Gridscape Solutions to begin engineering work for Critical Municipal Facilities ahead of PPA execution.
Date:	July 17, 2024

Summary/Recommendation

Approve a Resolution authorizing the CEO to add scope and extend an existing Consulting Services Agreement (“CSA”) with Gridscape Solutions, to begin engineering work on a number of Critical Municipal Facilities sites, across eight Cities needed to achieve project completion under NEM2.0, as detailed further below.

Financial Impact

- *There will be three Phases of work, on a time and materials basis paid out at defined milestones and on a per project basis. The total value of the contract is \$1.8M, paid in three phases shown below:*
 - *Phase 0: NTE \$800,000*
 - *Phase 1: NTE \$350,000*
 - *Phase 2: NTE \$650,000*
- *Payments will be recouped via the Resilient Municipal Critical Facilities Power Purchase Agreement (“PPA”) once executed, but are at-risk if the PPA (defined below) is not executed*

Analysis and Context

Ava launched the Resilient Municipal Critical Facilities Program (Program) in 2020 in order to partner with our member cities to increase energy resilience in our territory by installing solar and battery storage at critical municipal facilities. These include:

- Community centers
- Senior centers
- Fire stations
- Emergency operations centers
- Libraries
- Corporation yards / maintenance facilities
- and Other government facilities that need to stay operational in the event of a PSPS event or power outage. Some of these facilities with public access will serve as “Resilience Hubs” once completed.

In working with member agencies, Ava staff identified several barriers to these types of resilience projects: First, local governments often do not have the technical expertise, financial resources, or in-house staff to advance these types of projects. Many critical municipal facilities are relatively small and therefore cannot take advantage of bulk purchasing or compete for the best prices. Likewise, Ava staff found that solar and storage contractors face high customer acquisition and initial project development costs--these costs are relatively higher for smaller facilities that cannot support larger solar deployments.

Recognizing these barriers, Ava has undertaken this Program with the following goals:

- Reduce the burden and associated costs to both local governments and developers for site identification, evaluation, and design work, by Ava conducting this initial work with the services of an established solar design and engineering firm
- Reduce costs, by aggregating sites into a larger portfolio for volume purchasing power
- Reduce PPA contracting costs, by Ava serving as a single counterparty for all the customers and sites in the portfolio
- Comply with local government public contracting requirements with uniform contractual terms, such as prevailing wage
- Reduce project drop-out risk, by obtaining formal city council resolutions from Cities to execute contracts, as long as Ava can provide PPA pricing that results in net financial benefits

With the goals stated above, Ava began working with its member cities to assemble a list of hundreds of critical facilities across its service territory. An initial portfolio-level assessment examined each site’s natural hazard exposure, energy needs, and suitability for installation of solar and battery storage. From this list, Ava narrowed the list to a set of key sites with preliminary energy resilience system sizes. This preliminary assessment identified an aggregated capacity of approximately 10 MW of solar and 25 MWh of storage across Ava’s member cities. After subsequent rounds of engagement with city leaders, facility managers and other stakeholders Ava selected four cities to develop a proof-of-concept pilot (Phase 1) to confirm that Ava could deliver value, as a centralized procurement entity for behind the meter solar and storage projects.

The solar and storage systems are intended to be designed and operated with the following benefits in mind:

1. Provide resiliency back-up for critical loads in the event of grid outages for sites with battery storage.
2. Reduce member agency energy bills through Time-of-Use (TOU) energy and demand charge reductions.

3. Manage battery discharge during TOU periods to reduce both member agency energy bills and Ava wholesale energy procurement requirements (i.e., resource adequacy capacity requirements).
4. Reduce reliance on existing diesel-powered generators, minimizing CO2 equivalent emissions.

Procurement History and Utilizing NEM 2.0

Ava issued an RFO on August 26, 2022, to solicit proposals to deliver cost effective solar and storage PPAs for the Program for the first four “Phase 1” Cities (San Leandro, Berkeley, Hayward, and Fremont) Two Cities, San Leandro and Fremont, were able to secure \$1M each in Federal funding from congressionally-directed spending to support project development, increasing the size and cost effectiveness of the portfolio. Ava received multiple bids to that solicitation and selected Gridscape Solutions, as project engineer, and Sunwealth LLC (“Sunwealth”), as project owners. The Board approved a resolution at the January 2023 meeting to sign a CSA with Gridscape Solutions (“Gridscape”) to submit Net Energy Metering 2.0 (“NEM2.0”) interconnection applications to secure NEM2.0 for Program sites and negotiate a PPA with Sunwealth as the project owner.

Ava was able to submit NEM2.0 applications for 65 projects in April 2023. PG&E accepted and approved these applications and has given Ava 3 years to complete installation of the projects in order to be treated under NEM2.0 rather than the CPUC’s more recent rulings regarding solar billing. Under NEM2.0, sites will receive 1-to-1 credits for every kWh of solar electricity delivered to the grid, which is financially favorable to the newer Solar Billing Plan (NEM3.0) tariff that sites would otherwise fall under.

Ava negotiated with Sunwealth through early 2023 but was unable to reach an acceptable PPA with Sunwealth for the development of the projects. However, the interconnection applications for the 61 sites under consideration for the current RFO remain active and are eligible for project completion under NEM2.0, provided they can become operational within the 3 year deadline for interconnection.

Program Expansion and RFO Re-issuance

Ava staff continued to reach out to all member agencies in 2023 to determine which Cities could be added to the Program. In early 2023, an additional four cities (Emeryville, Livermore, Oakland, and Pleasanton) expressed interest in joining the program and passed City Council resolutions to participate in a Phase 2 procurement.

In July 2023 Ava re-issued a solicitation for the development of the Program and added Phase 2 cities to the portfolio, increasing the number of sites and volume of the portfolio shown in Figure 2 below.

Phase	Number of Sites	Total Solar PV (kW-DC)	Total Energy Storage (kWh-DC)
Phase 1	29	2,680	4,875
Phase 2	32	7,538	15,250
Grand Total	61	10,218	20,125

Figure 2: Portfolio sizes of Phases 1 and 2 in the re-issued in the RFO

Ava received four bids and selected Green Bridge Corporation (“Green Bridge”), as the winning bidder. Green Bride will be the asset owner and be responsible for delivering and operating the solar and storage projects. Green Bridge has selected Gridscape to develop the projects. Ava is actively negotiating the PPA with Green Bridge and has made good progress, but the PPA has not been fully negotiated.

Ava is proposing to extend the existing CSA with Gridscape to initiate engineering work, including geotechnical and structural reports, and start submitting permits for a sub-set of the projects, to reduce the risk that projects are not completed prior to the expiration of the NEM 2.0 deadline. Earlier completion of projects will provide greater overall solar and storage project savings to participating Cities. Assuming the PPA is executed, Ava will be reimbursed for these costs.

The cost of this pre-PPA engineering work is \$1.8MM over three phases and will be incurred on a time and materials basis, paid out at defined milestones, and on a per project basis, according to the Phases shown below. The value of the NEM2.0 energy savings to the cities across these projects would be 31% higher, on average, compared to NEM3.0, justifying this contract.

- Phase 0: NTE \$800,000;
 - 5 sites across 3 cities
 - Work to begin July 18, 2024
 - 43% of portfolio PV capacity
 - 41% of portfolio storage capacity
- Phase 1: NTE \$350,000;
 - 10 sites across 4 cities
 - Work to begin August 31, 2024
 - 7% of portfolio PV capacity
 - 6% of portfolio storage capacity
- Phase 2: NTE \$650,000;
 - 20 sites across 6 cities
 - Work to begin August 31, 2024
 - 24% of portfolio PV capacity
 - 23% of portfolio storage capacity

Attachments

- A. Resolution

RESOLUTION NO. R-2024-XX
A RESOLUTION OF THE BOARD OF DIRECTORS
OF AVA COMMUNITY ENERGY AUTHORITY AUTHORIZING THE CEO TO
NEGOTIATE AND EXECUTE A CONSULTING SERVICES AGREEMENT WITH
GRIDSCAPE SOLUTIONS

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 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 Ava and parties to the 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, the Authority legally adopted the name Ava Community Energy Authority, where it had previously used the name East Bay Community Energy Authority since its inception.

WHEREAS in 2022 Ava issued a request for offers (RFO) to solicit prospective counterparties for the Critical Municipal Facilities program to help member cities install solar and storage systems in order to decarbonize their backup solutions at critical sites;

WHEREAS Ava received four bids, one of which was from Gridscape Solutions;

WHEREAS Gridscape Solutions has completed much of the interconnection application work via previous CSA and is now the Engineering, Procurement, and Construction firm chosen for a 2023 RFP for Critical Municipal Facilities;

WHEREAS Ava and Gridscape have identified engineering work that must begin in July of 2023, prior to expected contract execution with the counterparty, in order for more than half of the Critical Municipal Facilities portfolio to achieve NEM 2.0, which is required for city- and portfolio-level cost neutrality;

WHEREAS this engineering work has been costed at a not-to-exceed amount of \$1,800,000 over 3 phases starting July 18, 2024, and continuing for up to 6 months;

WHEREAS Ava wishes to extend its Consulting Service Agreement with Gridscape Solutions, and update the scope of work to begin this engineering work by providing these funds, potentially recoverable but at-risk.

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

Section 1. The CEO is hereby authorized to negotiate and execute a Consulting Services Agreement with Gridscape Solutions to begin engineering work for Critical Municipal Facilities for an amount not to exceed \$1.8 million over a 6-month period.

ADOPTED AND APPROVED this 17th day of July, 2024.

Jack Balch, Chair

ATTEST:

Adrian Bankhead, Clerk of the Board