

DRAFT**RESOLUTION 20xx-xxx****RESOLUTION MAKING FINDINGS OF ENERGY SAVINGS FROM THE SOLAR POWER PURCHASE AGREEMENT AT TAMT PROJECT UNDER CALIFORNIA GOVERNMENT CODE SECTION 4217.10, ET SEQ.**

WHEREAS, the San Diego Unified Port District (“District”) is a public corporation created by the Legislature in 1962 pursuant to Harbors and Navigation Code Appendix I (“Port Act”); and

WHEREAS, Section 87 of the Port Act, allows for the establishment, improvement, and conduct of a harbor, and for the construction, reconstruction, repair, maintenance, and operation of wharves, docks, piers, slips, quays, and all other works, buildings, facilities, utilities, structures, and appliances incidental, necessary, or convenient, for the promotion and accommodation of commerce and navigation; and

WHEREAS, on June 13, 2018, the California Energy Commission (CEC) awarded a \$4,985,272 grant to the District through the CEC’s Electric Program Investment Charge (EPIC) to demonstrate a business case for microgrids in support of California’s Energy and Greenhouse Gas Policies; and

WHEREAS, it is the policy of the State of California and the intent of the State Legislature to promote all feasible means of energy conservation and all feasible uses of alternative energy supply sources; and

WHEREAS, *California Government Code* Section 4217.10 *et seq.* authorizes a public agency to utilize an alternative procurement process to contract for energy services if its governing body determines, at a regularly scheduled public hearing, public notice of which is given at least two weeks in advance, that the anticipated cost to the agency for alternative energy project will be less than the anticipated marginal cost to the agency of electrical energy that would have been consumed by the agency in the absence of the energy services contract; and

WHEREAS, the solicitation for proposals was done under *California Government Code* Section 4217.10, *et seq.* which authorizes use of any solicitation process including a Request for Proposal (RFP) process based on best value to procure energy services projects, wherein the public agency may award the contract on the basis of the experience of the energy services contractor, the type of technology employed by the contractor, the cost to the local agency, and any other relevant considerations; and

WHEREAS, the solicitation for the installation of a solar photovoltaic system (Solar PV System) was published on the District's public website in accordance with BPC Policy No. 110 on February 18, 2021 and advertised for 33 calendar days with notifications sent to over 600 vendors; and

WHEREAS, on March 23, 2021, 7 proposals were received with fees ranging from \$0.0993 to \$0.1225/kilo-watt hour (kWh) for the 700-kW system for a 20-year power purchasing agreement (PPA) term; and

WHEREAS, as compared to the San Diego Gas & Electric (SDG&E) average electricity cost of \$0.24 kWh at TAMT, the proposed solar PPA costs present a clear opportunity to reduce the electricity expenses the District pays at Tenth Avenue Marine Terminal (TAMT); and

WHEREAS, on March 29-30, 2021, staff reviewed the proposals and qualifications submitted by seven companies and selected three proposers to move forward with interviews - Baker Electric, Centrica Business Solutions Services, Inc. (Centrica), and EDF Renewables Distributed Solutions, Inc. (EDF); and

WHEREAS, interviews were held on April 19, 2021, using the District's Decision Analysis methodology and the selection panel ranked the firms according to the criteria established in the RFP; and

WHEREAS, the decision analysis consisted of five weighted criteria: Experience of Proposed Staff, Approach to Project, Capability to Perform, Fair and Reasonable Cost, and Firm's Relevant Experience; and

WHEREAS, the selection panel consisted of two representatives from University of California San Diego (UCSD), three from Electric Power Research Institute (EPRI), two from Burns & McDonnell (Engineer of Record), and three from the District; and

WHEREAS, EDF was rated the highest and was ranked #1 overall as it demonstrated a comprehensive technical approach to structurally integrating the Solar PV System onto the existing Warehouse B roof, demonstrated a flexible approach considering centralized versus decentralized inverter solutions, and highlighted numerous experiences working with SDG&E on the interconnection process and the City of San Diego on the permitting process; and

WHEREAS, EDF would construct, own, operate, and maintain the Solar PV System and would sell produced energy to the District (at a cost substantially less than the anticipated costs of procuring energy from SDG&E); and

WHEREAS, District staff worked with Burns & McDonnell and EPRI to evaluate the cost savings that would be generated by the proposed project; and

WHEREAS, a report containing their findings is attached hereto as **Attachment A** and incorporated by reference- *Assessment of Supportable Government Code Section 4217 Findings for the Tenth Avenue Marine Terminal Microgrid Project and Solar Photovoltaic Array* (Findings Report); and

WHEREAS, the Findings Report presents the cost savings analysis comparing the construction of the project against the energy cost savings attributable to the project; and

WHEREAS, the analysis in the Findings Report modeled the Microgrid System using a 20-year PPA with a price of \$0.1090/kWh, which are the terms of the proposed contract with EDF Renewables Distributed Solutions, Inc. (EDF); and

WHEREAS, the Findings Report concluded that the Microgrid System, as a result of the PPA energy cost savings, would result in an overall savings (from assumed SDG&E electricity bills) of approximately \$3,799,817 over the 20-year term of the PPA; and

WHEREAS, after accounting for the estimated Microgrid Infrastructure project construction costs of \$2,770,531, the Microgrid Infrastructure project construction costs and PPA energy savings result in a positive net present value (NPV) of approximately \$1,029,286 at a 2% discount rate, when not accounting for CEC grant funding; and

WHEREAS, when accounting for CEC grant funding, this project will generate a NPV benefit of approximately \$4,000,000 over 20 years; and

WHEREAS, the CEC grant funds and District electricity cost savings are sufficient to cover the microgrid operations and maintenance costs during the grant funding period; and

WHEREAS, a notice was posted in advance of the January 11, 2022, public hearing as required by *Government Code* Section 4217, and the BPC held a public hearing on January 11, 2022; and

WHEREAS, based on the detailed analysis of the Findings Report, District staff recommends that the BPC adopt findings of energy savings from the project consistent with *California Government Code* Section 4217.

NOW, THEREFORE, BE IT RESOLVED by the Board of Port Commissioners (BPC) of the San Diego Unified Port District as follows:

1. Per *California Government Code* section 4217.10 *et seq.*, the BPC hereby finds and determines that the recitals set forth above are true and correct.
2. The terms of the agreement with EDF for the project are in the best interests of the District.
3. In accordance with *California Government Code* section 4217.12, and based on data provided by the Analysis, the BPC finds that the anticipated cost to the District for electrical energy and conservation services provided by the project will be less than the anticipated marginal cost to the District of electrical and other energy that would have been consumed by the District in the absence of the project.
4. This resolution shall take effect immediately upon its passage.

APPROVED AS TO FORM AND LEGALITY:
GENERAL COUNSEL

By: Assistant/Deputy

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 11th day of January 2022, by the following vote:

Attachment A

Assessment of Supportable Government Code Section 4217 Findings for the
Tenth Avenue Marine Terminal Microgrid Project and Solar Photovoltaic Array

(To be attached.)