



**AGENDA REPORT**

**PROPOSED ACTION: Resolution:** Approve and Authorize the Executive Director to Enter into a Third Phase Agreement with Northern California Power Agency for the Purchase of Renewable Energy (Solar) from Grace Orchard Energy Center, LLC. for a Delivery Term of 20 Years, Total Cost of Approx. \$19.3 Million; and Finding that the Proposed Action is Exempt Under the California Environmental Quality Act.

**Submitted By:** Kristi McKenney, Chief Operating Officer; Danny Wan, Executive Director

**Parties Involved:** Norther California Power Agency, a Joint Power Agency, Roseville, CA.

**Amount:** Approx. \$19.3 Million over 20 years

**EXECUTIVE SUMMARY:** Port of Oakland (Port) Staff has negotiated a Third Phase Agreement with the Northern California Power Agency (NCPA), which would obligate the Port to purchase 8 megawatts (MW) of renewable solar energy from a 50MW solar photovoltaic generating facility from Grace Orchard Energy Center, LLC. for a delivery term of 20 years and a guaranteed commercial operation date of December 1, 2027. The Third Phase Agreement will help the Port meet its goals in its adopted Renewable Portfolio Standard Procurement Plan and Program.

**BACKGROUND & ANALYSIS**

The Port is a publicly owned utility (POU) supplying electric services to the Seaport and Airport. Port Utilities has over 300 utility service connections to customers operating within the Port area. As a POU, the Port purchases energy and energy-related instruments such as Resource Adequacy Capacity and Renewable Energy Certificates and re-sells energy to Port tenants. The Port seeks to increase its renewable and carbon-free portfolio over time (large hydroelectric power is carbon free but not considered renewable in California). In addition the Port is specifically seeks long-term contracts for such power.

The Port is a member of NCPA, a Joint Powers Agency representing 16 publicly owned utility members in Northern California. NCPA is an owner-operator of multiple power generation sites, performs wholesale energy market services for its members and customers, and is a scheduling coordinator certified by the California Independent System Operator (CAISO). NCPA, acting on behalf of its members, also seeks renewable energy purchasing opportunities, allowing members to pool resources for larger projects.

**Power Purchasing Opportunity**

In October 2023, through NCPA, the Port learned of an opportunity to purchase renewable energy from a 50 MW solar photovoltaic generating facility located in Riverside County, California (Grace Solar Facility) from Grace Orchard Energy Center, LLC. The

Port, in direct coordination with NCPA, expressed an interest in purchasing renewable energy produced by the Grace Solar. After NCPA issued a request for proposals for Renewable Energy Resources, Carbon Free Energy Resources, and Energy Storage Solutions (RFP) and analyzed the proposals, the Port and NCPA determined that the offer was competitive and met the needs and requirements of the Port's RPS program.

### Third Phase Agreement

The Third Phase Agreement requires each participant to accept its proportionate share of energy generated by the Grace Solar Facility, as below. Each Participant will pay NCPA for its percentage share of NCPA's cost to purchase energy pursuant to the power purchase agreement (PPA) between NCPA and Grace Orchard Energy Center, LLC.

<b>Table 1</b> <b>Initial Project Participation Percentages</b>		
<b>Participant</b>	<b>Project Participation Percentage (%)</b>	<b>Project Participation Share (MW)</b>
City of Healdsburg	5.20%	2.60
City of Lodi	30.00%	15.00
City of Lompoc	10.00%	5.00
Port of Oakland	16.00%	8.00
City of Santa Clara	32.80%	16.40
City of Ukiah	6.00%	3.00
<b>Total</b>	<b>100.00%</b>	<b>50.00</b>

The following are key terms contained in the PPA:

- **Product:** Facility Energy and Green Attributes
- **Delivery Term:** Twenty (20) Contract Years
- **Contract Price:** \$42.51/MWH (flat) with no escalation
- **Guaranteed Commercial Operation Date:** December 1, 2027
- **Expected Energy:** The Port's amount of Expected Energy is set forth below.

**Table 2**  
**Grace Solar Facility**

<u>Contract</u> <u>Year</u>	<u>Expected</u> <u>Energy</u> <u>(MWh)</u>	<u>Port 's</u> <u>Share</u> <u>of 16%</u>	<u>Price</u> <u>(\$/MWh)</u>	<u>Amount</u>
1	146,941	23,511	\$42.51	\$999,434
2	146,885	23,502	\$42.51	\$999,053
3	146,372	23,420	\$42.51	\$995,564
4	145,848	23,336	\$42.51	\$992,000
5	145,315	23,250	\$42.51	\$988,375
6	144,773	23,164	\$42.51	\$984,688
7	144,221	23,075	\$42.51	\$980,934
8	143,660	22,986	\$42.51	\$977,118
9	143,089	22,894	\$42.51	\$973,234
10	142,508	22,801	\$42.51	\$969,282
11	141,916	22,707	\$42.51	\$965,256
12	141,314	22,610	\$42.51	\$961,161
13	140,703	22,512	\$42.51	\$957,006
14	140,083	22,413	\$42.51	\$952,789
15	139,454	22,313	\$42.51	\$948,510
16	138,816	22,211	\$42.51	\$944,171
17	138,168	22,107	\$42.51	\$939,763
18	137,509	22,001	\$42.51	\$935,281
19	136,836	21,894	\$42.51	\$930,704
20	136,151	21,784	\$42.51	\$926,045
<b>Total:</b>	<b>2,840,562</b>	<b>454,490</b>	<b>\$42.51</b>	<b>\$19,320,366</b>
<b>Annual Average Energy (MWh):</b>			<b>22,724</b>	

The Grace Solar Facility is required to: (i) be certified by the California Energy Commission (CEC) as an Eligible Renewable Energy Resource, and (ii) satisfy the requirements of Section 399.16(b)(1)(A) of the California Public Utilities Code by having a first point of interconnection with the CAISO Balancing Authority. The renewable energy products purchased and delivered in accordance with the PPA will be then delivered to the Port and can be used by the Port to satisfy the renewable energy requirements.

By purchasing 8 MW or 16% of the renewable energy produced from the 50 MW Grace Solar Facility through the NCPA Third Phase Agreement, the Port will be in alignment and meet the goals set forth in the Board of Port Commissioners adopted RPS Procurement Plan and Program.

## **OTHER FINDINGS AND PROVISIONS**

### **ENVIRONMENTAL REVIEW**

The proposed action was analyzed under the California Environmental Quality Act (CEQA) and was found to be:

- ☒ Categorically exempt under the following CEQA Guidelines Section:  
15061(b)(3) (Common Sense)
- ☐ Not a "Project" under CEQA, as defined in Public Resources Code § 21065.
- ☒ Other/Notes: The development, construction and operation of the Grace Solar Facility is not dependent upon the Port entering into a purchase agreement. Additionally, any Port purchase agreement for solar does not grant any land use entitlements, does not allow operation of the project, and does not in any way authorize use of the project. As such, the Port's entering into a purchase agreement for renewable solar energy is exempt from CEQA because it can be seen with certainty that there is no possibility that this may have a significant effect on the environment under CEQA Guideline Section 15061(b)(3).

### **BUDGET**

- ☐ Administrative (No Impact to Operating, Non-Operating, or Capital Budgets); OR
  - ☒ Operating
  - ☐ Non-Operating
  - ☐ Capital

Analysis: The annual costs for electricity purchases will be included in Utilities Division's operating expense budgets in future years. Costs for purchasing the electricity will be incorporated in future electric utilities rates.

### **STAFFING**

- ☒ No Anticipated Staffing Impact.
- ☐ Anticipated Change to Budgeted Headcount.  
Reason:
- ☐ Other Anticipated Staffing Impact (e.g., Temp Help).  
Reason:

### **MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA):**

Applies? No (Other) - see explanation below.

- ☐ Additional Notes:

### **LIVING WAGE** (City Charter § 728):

Applies?

No (Not Covered Entity) – proposed action involves entity not covered by Living Wage requirements because it is not a covered service provider or tenant, does not employ at least 21 employees, or receive from or pay to Port at least \$50,000.

	<input type="checkbox"/> <u>Additional Notes:</u>
<b><u>SUSTAINABLE OPPORTUNITIES:</u></b> <u>Applies? Yes.</u> <u>Reason:</u> The Port continues to purchase renewable energy when possible, demonstrating our commitment to sustainability.	<b><u>GENERAL PLAN</u></b> (City Charter § 727): <u>Conformity Determination:</u> No Project – conformity determination not required because proposed action does not change use of or make alterations to an existing facility, or create a new facility.
<b><u>STRATEGIC PLAN.</u></b> The proposed action would help the Port achieve the following goal(s) and objective(s) in the Port's Strategic Business Plan:	
<div style="display: flex; flex-wrap: wrap;"> <div style="width: 50%;"> <input checked="" type="checkbox"/> Grow Net Revenues         </div> <div style="width: 50%;"> <input type="checkbox"/> Modernize and Maintain Infrastructure         </div> <div style="width: 50%;"> <input type="checkbox"/> Improve Customer Service         </div> <div style="width: 50%;"> <input type="checkbox"/> Pursue Employee Excellence         </div> <div style="width: 50%;"> <input type="checkbox"/> Strengthen Safety and Security         </div> <div style="width: 50%;"> <input type="checkbox"/> Serve Our Community         </div> <div style="width: 50%;"> <input checked="" type="checkbox"/> Care for Our Environment         </div> </div>	