4/24/2025

AGENDA REPORT

PROPOSED ACTION: Resolution: Approve and Authorize the Executive Director to Execute a Confirmation Agreement between East Bay Municipal Utility District and the Port of Oakland for the Purchase of Excess Facility As-Run Bundled Renewable Energy Certificates for the Delivery Term of 10 Years from July 1, 2025 through June 30, 2035, with an Estimated Excess Annual Generation of 11,300 to 17,700 Megawatt-Hours at a Price of $36 for Each Renewable Energy Credit[1] that will comply with the State of California Renewable Portfolio Standards; and Finding that the Proposed Action is Exempt Under the California Environmental Quality Act.	
Submitted By: Andre Basler, Director of Utilities; Kristi McKenney, Executive Director	
Parties Involved: East Bay Municipal Utility District, a Public Agency, Oakland, CA	Amount: Approximately $4,068,000 to $6,372,000 (operating expense)
EXECUTIVE SUMMARY: In February 2025, Port of Oakland (Port) Staff submitted a bid for a purchase of the surplus renewable energy certificates (REC) generated at East Bay Municipal Utility District's (EBMUD) wastewater treatment plant's biogas facility located in West Oakland for a 10-year delivery term from July 1, 2025 to June 30, 2035, provided the Delivery Term shall not be less than a total of ten consecutive calendar years. Per the bid submitted, the agreement sets a contract price of $36 per REC. This purchase of Facility As-Run Bundled RECs will support the Port in achieving the goals of Long-Term Provision outlined 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 RECs 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 seeking long-term contracts for such power.

The Port has partnered with EBMUD since 2012 to purchase renewable energy from the Main Wastewater Treatment Plant (MWWTP) Power Generation Station (PGS). This facility, located in West Oakland, CA, generates renewable electricity from biogas. The facility is certified eligible for California's Renewable Portfolio Standard (RPS). The PGS consists of three internal combustion engines rated at 2.15 Megawatts (MW) each (PGS1) and a gas turbine rated at 4.5 MW (PGS2).

[1] One Renewable Energy Credit (REC) is created for every megawatt-hour (MWh) of renewable electricity generated and delivered to the grid.

After serving the MWWTP loads on-site, there is surplus renewable power available for purchase that does not follow the typical production pattern of other intermittent renewables like solar or wind. The EBMUD facilities are interconnected with California Independent System Operator (CAISO) though the Pacific Gas and Electric Company (PG&E) distribution system at 12.47 kilovolts (kV).

In February, Port Staff submitted a bid for a renewable energy purchase and successfully secured the ability to purchase the excess renewable energy at a price of $36 per REC.

The following are key terms contained in the Confirmation Agreement:

- **Product:** Facility As-Run Bundled REC that meets the RPS compliance requirements and California Public Utilities Code Section 399.16(b)(1)(A) requirements.

- **Generating Facilities:**

<table>
<tr><th>Generating Facility Name</th><th>CAISO Resource ID</th><th>WREGIS ID</th><th>CEC Certification No.</th><th>Estimated Excess Annual Generation (MWh)[2]</th></tr>
<tr><td>PGS-1</td><td>OAK C_1_EBMUD (PGS-1)</td><td>W490</td><td>62025</td><td rowspan="2">11,300-17,700[3]</td></tr>
<tr><td>PGS-2</td><td>OAK L_1_GTG1 (PGS-2)</td><td>W2831</td><td>60101</td></tr>
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- **Delivery Term:** Effective July 1, 2025, through June 30, 2035, provided the Delivery Term shall not be less than a total of 10 consecutive calendar years in total.
- **Delivery Points:** CAISO Balancing Authority Area at each generating Facility point of interconnection.
- **Quantity:** Available Product of Seller’s Entitlement Interest and generated from the Generating Facilities, which is in excess of EBMUD’s on-site demand, from 11.300 to 17,700 MWh.
- **Contract Price:** $36 for each REC produced and transferred, as defined in the CAISO Tariff.
- **Vintage Year:** Calendar Year(s): 2025-2035

This purchase of Facility As-Run Bundled Renewable Energy Certificates will contribute 10% to 15% of the Port's energy portfolio and strengthen its ongoing local partnership with EBMUD.

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[2] Estimated Annual Generation is based on typical years. Actual generation amounts are variable, contingent on Operating Constraints, and not guaranteed.
[3] Excess Electricity not needed for Seller’s operations. Seller has 100% of Entitlement Interest.

OTHER FINDINGS AND PROVISIONS

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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:

Choose an item.

☒ “Common Sense” exemption under CEQA Guidelines Section 15061(b)(3).

☐ Other/Notes:

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BUDGET

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

☐ Operating ☐ Non-Operating ☐ Capital

Analysis: There is no impact on the budget, as the proposed action is funded by proceeds from the Cap & Trade auction.

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STAFFING

☒ No Anticipated Staffing Impact.

☐ Anticipated Change to Budgeted Headcount.

Reason:

☐ Other Anticipated Staffing Impact (e.g., Temp Help).

Reason:

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MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA):

Applies? No (Other) - see explanation below.

☐ Additional Notes:

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LIVING WAGE (City Charter § 728):

Applies?

No (No Covered Agreement) – proposed action is not an agreement, contract, lease, or request to provide financial assistance within the meaning of the Living Wage requirements.

☐ Additional Notes:

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SUSTAINABLE OPPORTUNITIES:

Applies? **Yes.**

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GENERAL PLAN (City Charter § 727):

Conformity Determination:

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Reason: The Port continues to purchase renewable energy when possible, demonstrating our commitment to sustainability.	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.
STRATEGIC PLAN. The proposed action would help the Port achieve the following goal(s) in the Port's Strategic Plan: ☐ Capture Our Market and Grow the Economic Base ☐ Modernize and Upgrade Infrastructure ☒ Transition to Zero-Emissions and Build Climate Resilience ☐ Maximize Land Use Value and Revenues ☐ Workforce Training and Jobs Development ☐ Create Opportunities for Local Businesses and Community Economic Development	