



## SUMMARY REPORT

---

**Agenda Date:** 5/14/2019

---

**To:** Board of Directors, Sonoma County Water Agency and Sonoma Valley County Sanitation District

**Department or Agency Name(s):** Sonoma County Water Agency

**Staff Name and Phone Number:** Hannah Salafia / 707-524-6435

**Vote Requirement:** Majority

**Supervisory District(s):** Countywide

**Title:**

Renewable Electricity Generating Facility Agreement

**Recommended Actions:**

- A) Authorize Sonoma County Water Agency's General Manager to execute a Renewable Electricity Generating Facility Agreement and its associated exhibits and other documents necessary to complete the transaction in a form as approved by County Counsel that does not significantly change the intent of the agreement and exhibits with the Power and Water Resources Pooling Authority for the Sonoma Valley Treatment Plant Photovoltaic System.
- B) Authorize the Sonoma County Water Agency's General Manager on behalf of the Sonoma Valley County Sanitation District to allow Sonoma Water to amend the Memorandum of Agreement for Sonoma Water's Internal Services Fund Power Fund to allow Sonoma Water to sub-lease the land area occupied by the Sonoma Valley Treatment Plant Photovoltaic System to the Power and Water Resources Pooling Authority. □

**Executive Summary:**

The Sonoma County Water Agency's (Sonoma Water) Energy Policy directs Sonoma Water to cost effectively meet its energy needs with renewable and carbon free sources. In alignment with these goals, Sonoma Water developed an agreement with its primary power provider, the Power and Water Resources Pooling Authority (Pooling Authority), to better realize the renewable value of an existing Sonoma Water solar asset.

This agenda item recommends authorization for Sonoma Water's General Manager to execute the Renewable Electricity Generating Facility Agreement (Facility Agreement) with the Pooling Authority. The Facility Agreement would allow Sonoma Water to capture the value of an existing 930 kilowatt (kW) solar asset and continue to cost effectively meet its Energy Policy goal of achieving Carbon Free Water with no capital cost down. Entering into the Facility Agreement would allow the Pooling Authority to meet part of its renewable portfolio requirement that is required of all power utilities. This agreement still allows Sonoma Water to offset the power demand onsite, yet it modifies the ownership of the facility specifically to the Pooling Authority and allows assignment of Renewable Energy Credits towards Sonoma Water's portion of the Pooling Authority's renewable portfolio requirements. The agreement is structured so that the value of the renewable energy credits solely goes to Sonoma Water.

This agreement is expected to save approximately \$25,000 annually.

**Discussion:**

The Sonoma County Water Agency (Sonoma Water) is a project participant of the Power and Water Resources Pooling Authority (Pooling Authority), which provides most of the electrical power for the facilities owned or operated by Sonoma Water. The Pooling Authority was formed in 2004 by a number of irrigation districts and water districts to collectively manage power assets and loads. The Pooling Authority contracts for power from different sources and gives each Pooling Authority participant the option to create a customized blend of power from multiple sources.

The Pooling Authority is a power retailer and is required to meet the Renewable Portfolio Standard set forth in Senate Bill 100 (SB-100). As a Pooling Authority participant, Sonoma Water is responsible for its share of these renewable energy portfolio requirements. The impact of the requirements is reflected in the composition of our power portfolio. When renewable power is purchased there are two main attributes taken into consideration-the Energy and the Renewable Energy Credits.

Each Megawatt-hour (MWh) of power produced by a renewable energy facility generates one Renewable Energy Credit. In the retail power market, these Renewable Energy Credits are paid for by different power utilities and credited towards their Renewable Portfolio Standard portfolio requirement.

Sonoma Water has a solar facility that offsets energy demands at one of its treatment plants that is a Pooling Authority served site. Although Sonoma Water realizes the value of the decreased energy usage onsite (because it offsets demands with the solar facility), Sonoma Water does not realize the value of the Renewable Energy Credit attributes associated with this renewable energy facility.

Entering into a Renewable Electricity Generating Facility Agreement would allow Sonoma Water to realize the Renewable Energy Credits associated with this facility and account for some of Pooling Authority's Renewable Portfolio Standard requirements. This agreement still allows Sonoma Water to offset the power demand onsite, yet it transfers the ownership of the facility specifically to Pooling Authority and allows Sonoma Water to assign the Renewable Energy Credits towards its portion of the Pooling Authority's Renewable Portfolio Standard requirements. The agreement is structured so that the Renewable Energy Credit value of this agreement solely goes to Sonoma Water.

The agreement is expected to save approximately \$25,000 annually.

The General Manager has determined that the Facility Agreement with the Pooling Authority is categorically exempt from the California Environmental Quality Act (CEQA) pursuant Section 15301: Existing Facilities, which provides, generally, that the operation of an existing facility involving negligible or no expansion of existing or former use is categorically exempt from CEQA. The examples in subdivision (b) of Section 15301 specifically provide that the existing facilities of publically owned utilities used to provide electrical power is exempt. The Facility Agreement would allow Sonoma Water to capture the value of an existing 930 kilowatt (kW) solar asset and continue to cost effectively meet its Energy Policy goal of achieving Carbon Free Water. The General Manager's exemption determination is in accordance with the CEQA, the State CEQA Guidelines and the Water Agency's Procedures for the Implementation of CEQA.

**Prior Board Actions:**

03-22-2011 Sonoma Water Energy Policy and Energy Initiatives

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY 18-19 Adopted</b>	<b>FY19-20 Projected</b>	<b>FY 20-21 Projected</b>
Budgeted Expenses			
Additional Appropriation Requested			
<b>Total Expenditures</b>			
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies			
<b>Total Sources</b>			

**Narrative Explanation of Fiscal Impacts:**

This agreement requires no operational adjustments, the cost saving benefit of this agreement would be realized over time through our Pooling Authority power bill. Market cost for Renewable Energy Credits averages about \$17/MWh. These are credits that Sonoma Water has previously allocated through other purchases in the Pooling Authority. This agreement will allow Sonoma Water to produce Renewable Energy Credits with its existing generating facility. The savings related to realizing the Renewable Energy Credits generated by this facility will result in an annual savings of approximately \$25,000.

<b>Staffing Impacts:</b>			
<b>Position Title (Payroll)</b>	<b>Monthly Salary Range (A - I Step)</b>	<b>Additions (number)</b>	<b>Deletions (number)</b>
N/A			

**Narrative Explanation of Staffing Impacts (If Required):**

N/A

**Attachments:**

1. Renewable Electricity Generating Facility Agreement
2. Pacific Gas and Electric - Consent to Assignment and Agreement
3. Deed of Conveyance of Renewable Electricity Generating Facilities and License Agreement
4. Quitclaim Deed
5. Small Generator Interconnection Agreement

---

**Agenda Date:** 5/14/2019

---

**Related Items “On File” with the Clerk of the Board:**

None