



Legislation Text

File #: 2021-1083, **Version:** 1

To: Board of Directors, Sonoma County Water Agency
Department or Agency Name(s): Sonoma County Water Agency
Staff Name and Phone Number: Dale Roberts, 707-547-1979
Vote Requirement: Majority
Supervisory District(s): Countywide

Title:

Renewable Energy Credits Agreement

Recommended Action:

Ratify Sonoma County Water Agency General Manager's execution of a Renewable Energy Credits Agreement with 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 executed an agreement with its primary power provider, the Power and Water Resources Pooling Authority (Pooling Authority), to better realize the renewable value of its existing and future Sonoma Water solar assets.

This item requests ratification of the Sonoma Water's General Manager execution of the Renewable Energy Credits Agreement (Agreement) with the Pooling Authority. The Agreement allows Sonoma Water to capture the value of its existing solar assets at its 404 Aviation Blvd Administration Building and the Airport Wastewater Plant and any future solar assets. The Agreement allows Sonoma Water to continue to cost effectively meet its Energy Policy goal of achieving Carbon Free Water with no capital cost down. The Facility Agreement also allows 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 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 Sonoma Water approximately \$5,000 in annual power costs.

Discussion:

Sonoma Water is a project participant of the 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 several 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 owns and operates solar facilities at its 404 Aviation Boulevard Administration Building and at its Airport Larkfield Wikiup Sanitation Zone wastewater treatment plant. These solar facilities offset energy demands at their respective locations. Although Sonoma Water realizes the value of the decreased energy usage onsite (because it offsets demands with the solar facility energy production), Sonoma Water does not currently realize the value of the Renewable Energy Credit attributes associated with these renewable energy facilities.

Entering into a Renewable Energy Credits Agreement allows Sonoma Water to realize the Renewable Energy Credits associated with these solar power generating facilities 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 Renewable Energy Credits 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 goes solely to Sonoma Water.

This Renewable Energy Credits Agreement also allows the Pooling Authority to realize Renewable Energy Credits from the past three years, if the credits were transferred to the Pooling Authority by end of July 2021 for submission to the California Energy Commission. Therefore, Sonoma Water's General Manager and the Pooling Authority's General Manager executed the agreement on July 22, 2021. If the Board chooses not to ratify the General Manager's execution of the agreement, Sonoma Water and the Pooling Authority would rescind the Renewable Energy Credits and need to purchase different Renewable Energy Credits on the open market at a cost of approximately \$5,000.

The agreement is expected to save Sonoma Water approximately \$5,000 in annual power costs.

Prior Board Actions:

01/06/2004: Approve and authorize General Manager/Chief Engineer to execute Power and Water Resources Pooling Authority Cost Sharing Agreement and Aggregation Services Agreement

03/22/2011: Approve the updated Energy Policy and authorize and direct the General Manager to implement the Energy Policy, including achieving Carbon Free Water.

FISCAL SUMMARY

| Expenditures | FY 21-22 Adopted | FY22-23 Projected | FY 23-24 Projected |
|------------------------------------|-----------------------------|------------------------------|-------------------------------|
| Budgeted Expenses | | | |
| Additional Appropriation Requested | | | |
| Total Expenditures | | | |
| Funding Sources | | | |

| | | | |
|----------------------|--|--|--|
| General Fund/WA GF | | | |
| State/Federal | | | |
| Fees/Other | | | |
| Use of Fund Balance | | | |
| Contingencies | | | |
| Total Sources | | | |

Narrative Explanation of Fiscal Impacts:

The new agreement is expected to save Sonoma Water approximately \$5,000 annually and no additional costs are anticipated or appropriations needed. The FY 21-22 budget includes \$4 million towards power purchases through PRWPA and PG&E.

| Staffing Impacts: | | | |
|--|--|---------------------------|---------------------------|
| Position Title (Payroll Classification) | Monthly Salary Range (A-I Step) | Additions (Number) | Deletions (Number) |
| | | | |
| | | | |
| | | | |

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

Renewable Energy Credits Agreement between Sonoma County Water Agency and Power and Water Resources Pooling Authority.

Related Items "On File" with the Clerk of the Board:

None