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Title: Actions pertaining to a solar and energy storage project at the Fresno-Clovis Regional Wastewater Reclamation Facility (Council District 3):

1. Adopt the Addendum to Mitigated Negative Declaration SCH No. 2012061089, dated November 10, 2021, prepared for the Fresno-Clovis Regional Wastewater Reclamation Facility Solar Power Project pursuant to CEQA Guidelines Sections 15162 and 15164.
2. Approve an Amended and Restated cooperative purchase Energy Services Agreement-Energy Storage with FFP BTM Solar, LLC, for the design, financing, construction, installation, operation, and maintenance of a 2,310.3 / 9,241.2 kWh (estimated) energy storage system at the Fresno-Clovis Regional Wastewater Reclamation Facility to obtain energy demand reductions.

Sponsors: Department of Public Utilities

Indexes:

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Attachments: 1. Attachment 1 – Addendum to Mitigated Negative Declaration Prepared for Environmental Assessment No. C-12-113 SCH #2012061089.pdf, 2. Attachment 2 - Amended and Restated Cooperative Purchase Energy Services Agreement – Energy Storage; Fresno-Clovis Regional Wastewater Reclamation Facility .pdf

Date	Ver.	Action By	Action	Result
12/2/2021	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

December 2, 2021

FROM: MICHAEL CARBAJAL, Director
Department of Public Utilities

BY: CHERYL BURNS, Senior Management Analyst
Department of Public Utilities - Administration

SUBJECT

Actions pertaining to a solar and energy storage project at the Fresno-Clovis Regional Wastewater Reclamation Facility (Council District 3):

1. Adopt the Addendum to Mitigated Negative Declaration SCH No. 2012061089, dated November 10, 2021, prepared for the Fresno-Clovis Regional Wastewater Reclamation Facility Solar Power Project pursuant to CEQA Guidelines Sections 15162 and 15164.
2. Approve an Amended and Restated cooperative purchase Energy Services Agreement-

Energy Storage with FFP BTM Solar, LLC, for the design, financing, construction, installation, operation, and maintenance of a 2,310.3 / 9,241.2 kWh (estimated) energy storage system at the Fresno-Clovis Regional Wastewater Reclamation Facility to obtain energy demand reductions.

RECOMMENDATION

Staff recommends that the City Council:

1. Adopt the Addendum to Mitigated Negative Declaration SCH No. 2012061089, dated November 10, 2021, prepared for the Fresno-Clovis Regional Wastewater Reclamation Facility Solar Power Project pursuant to CEQA Guidelines Sections 15162 and 15164.
2. Approve an Amended and Restated cooperative purchase Energy Services Agreement-Energy Storage with FFP BTM Solar, LLC, for the design, financing, construction, installation, operation, and maintenance of a 2,310.3 / 9,241.2 kWh (estimated) energy storage system at the Fresno-Clovis Regional Wastewater Reclamation Facility to obtain energy demand reductions.
3. Authorize the Director of Public Utilities, or designee, to execute the Amended and Restated Energy Service Agreement on behalf of the City of Fresno.

EXECUTIVE SUMMARY

On June 25, 2020, the Fresno City Council approved the Department of Public Utilities (DPU) Solar Power Project, which encompasses the construction of Solar Photovoltaic (PV) Systems and Energy Storage Systems at three DPU facilities, including the Fresno-Clovis Regional Wastewater Reclamation Facility (RWRf). The RWRf Energy Storage Project has been successfully progressing forward toward construction.

The RWRf Energy Storage Project was recently accepted into formal review for the PG&E Self-Generation Incentive Program (SGIP) Equity Budget incentive. The Equity Budget incentive allows the RWRf Energy Storage Project to take advantage of new hardware, resulting in a more efficient battery storage system. The new proposed battery includes an energy density of 9,241 kWh, nearly double the previous total amount of 4,960 kWh, and will optimize more energy arbitrage, yielding greater savings for the RWRf. The total projected 20-year savings for the project will increase by \$5 million. The inclusion of the new battery in the RWRf Energy Storage Project has also shortened PG&E's estimated study and upgrade timeline by nearly twelve (12) months and avoided estimated PG&E interconnection upgrade costs of over \$430,000.

BACKGROUND

On June 25, 2020, the Fresno City Council approved the DPU Solar Power Project, which encompasses the construction of Solar Photovoltaic (PV) Systems and Energy Storage Systems at three DPU facilities, including the RWRf. That project has been successfully progressing forward toward construction.

In 2020, the California Public Utilities Commission's (CPUC) authorized funding of more than \$1 billion through 2024 for the Self-Generation Incentive Program (SGIP), which offers rebates to lower the cost of energy storage technology, including battery storage systems. The SGIP program enables PG&E customer's greater access to battery storage through a financial rebate. PG&E

created rebate pools, or “tiers,” for eligible customers at various incentive per watt-hour amounts. The initial tiers, and those tiers benefiting facilities in Disadvantaged Communities, had the largest pools of funding and incentive per watt-hour amounts. As funding was allocated from these tiers, and tiers became fully subscribed, new tiers opened with less available rebate funds and at lower incentive per watt-hour values.

The RWRf Energy Storage Project was eligible for the most lucrative SGIP tier, known as Equity Budget. As a Registered SGIP Applicant, ForeFront Power was able to apply on behalf of the City for Equity Budget funding with no upfront costs to the City. This popular incentive quickly became fully subscribed, and a lottery was created to distribute the final funds of the Equity Budget tier at the end of 2020. The RWRf Project was successfully selected from the lottery process in 2021 and enough Equity Budget funding has now become available to fully allocate funding for the RWRf project. As a result, the project was recently taken off the wait list and accepted into formal review, the administrative process for approval. With the Equity Budget funding, the RWRf project is able to take advantage of new hardware, resulting in a more efficient battery storage system.

The Equity Budget incentive enables the RWRf Energy Storage Project to utilize improved hardware. Use of the new hardware has shortened PG&E’s estimated study and upgrade timeline by nearly twelve (12) months and avoided estimated PG&E interconnection upgrade costs of over \$430,000.

The Equity Budget incentive enables the battery’s energy density to double from the original battery. The new proposed RWRf Energy Storage Project includes an increased energy density of 9,241 kWh, an increase from the previous total amount of 4,960 kWh. Operationally, the new proposed battery will optimize more energy arbitrage, which will yield greater savings for the RWRf. The total projected 20-year savings for the project will increase by \$5 million with the larger energy storage system.

This staff recommendation aligns with the City’s GHG Reduction Plan Update, Municipal Strategies section 5.1.7 which targets GHG emissions generated at City facilities and operations. The policy strategy is to “install renewable energy systems on City facilities” for the purpose of reducing the city’s GHG emissions.

The City Attorney’s Office has reviewed the agreement and approved as to form.

ENVIRONMENTAL FINDINGS

An Initial Study and Mitigated Negative Declaration (SCH No. 2012061089) dated February 14, 2014, was adopted for CUP No. C-12-113. C-12-113 contemplated several actions related to construction and operation of a tertiary treatment and disinfection system at the RWRf, which included installation of solar panels, transmission lines, and an electrical building on the western side of the facility.

On June 25, 2020, the Fresno City Council adopted an Addendum to Mitigated Negative Declaration SCH No. 2012061089, dated June 16, 2020 pursuant to CEQA Guidelines Sections 15162 and 15164; and subsequently, approved the Department of Public Utilities (DPU) Solar Power Project, which included the design, financing, construction, installation, operation, and maintenance of Solar Photovoltaic (PV) Systems and a 2,500 kW / 4960 kWh (estimated) Energy Storage System at the City of Fresno Regional Wastewater Reclamation Facility (RWRf). An Amended and Restated cooperative purchase Energy Services Agreement-Energy Storage with FFP BTM Solar, LLC, for the design, financing, construction, installation, operation, and maintenance of a 2,310.3 kW / 9,241.2

kWh (estimated) Energy Storage System to obtain energy further demand reductions is now proposed.

The new proposed battery includes an energy density of 9,241 kWh, nearly double the previous total amount of 4,960 kWh, and will optimize more energy arbitrage, yielding greater savings for the RWRf. Because some revisions to the project are necessary, an analysis was performed pursuant to CEQA Guidelines Section 15162 to determine whether subsequent environmental review is required. Based upon this analysis, the following findings are made to support the determination that an addendum prepared pursuant to CEQA Guidelines Section 15164 is appropriate:

1. No substantial changes are proposed in the project which will require major revisions of the MND due to the involvement of new significant effects or a substantial increase in the severity of previously identified significant effects. The new proposed battery includes an energy density of 9,241 kWh, nearly double the previous total amount of 4,960 kWh. The original storage footprint was planned for a minimum 63'-10" x 19'-9". The new footprint is expected to be approx. 33'-2" x 24'-5". Therefore, the total sq ft of the footprint will be approximately equal or a net decrease with the new system. Thus, this Addendum for the proposed solar power project would not alter the conclusions of the IS/MND, nor would the new battery storage system result in any new significant impacts, including cumulative impacts given the net footprint is remaining relatively equal.
2. No substantial changes have occurred with respect to the circumstances under which the project was undertaken which will require major revision of the previous MND due to the involvement of new significant environmental effect or a substantial increase in the severity of previously identified significant effects. In this case, both a new development code and General Plan have been adopted since approval of the prior MND. However, because of the nature of the project, it is consistent with these new citywide policies and ordinances and is a permitted use under both documents. Further, revisions to thresholds resulting from adoption of the Fresno General Plan and Zoning Ordinance will not result in a substantial increase in the severity of previously identified impacts when considered with the project.
3. There is no new information which was not known and could not have been known at the time the previous MND was adopted that was not discussed in the previous MND. The solar power project would better achieve the purpose of offsetting energy consumption at the RWRf than originally proposed.

Based upon these findings, it has been determined that an addendum to Mitigated Negative Declaration (SCH No. 2012061089) prepared pursuant to CEQA Guidelines Section 15164 is appropriate.

LOCAL PREFERENCE

Local Preference was not implemented as this is a cooperative purchase contract.

FISCAL IMPACT

The General Fund is not impacted by this project. All impacts and cost savings will be realized by the Wastewater Enterprise Fund. There are no up-front costs to be paid; all design, construction, and operational costs are incorporated into the negotiated PPA rates.

Attachments:

Attachment 1 - Addendum to Mitigated Negative Declaration

Prepared for Environmental Assessment No. C-12-113 SCH #2012061089

Attachment 2 - Amended and Restated Cooperative Purchase Energy Services Agreement
Energy Storage; Fresno-Clovis Regional Wastewater Reclamation Facility