



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: General Services
Department No.: 063
For Agenda Of: June 15, 2021
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from: N/A
Vote Required: Majority

TO: Board of Supervisors
FROM: General Services Janette D. Pell, Director (805) 560-1011
 Contact Info: Skip Grey, Assistant Director (805) 568-3083
SUBJECT: **Agreement for Self-Generation Incentive Program Funding for a Battery Energy Storage System at the Emergency Operations Center; District 2**

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Find, in accordance with Government Code Section 4217.12, that the terms of the attached agreement with the Endelos Energy, Inc. are in the best interests of the County and that the anticipated cost to the County for the electrical energy and conservation services provided by the battery energy storage system under the agreement will be less than the anticipated marginal cost to the County of electrical or other energy that would have been consumed by the County in the absence of this purchase; and
- b) Approve and authorize the Chair to execute an agreement with Endelos Energy, Inc. for the installation of a battery energy storage system at the County's Emergency Operations Center including participation in the California Public Utility Commission (CPUC) Self-Generation Incentive Program (SGIP) which will fund the project; and
- c) Determine that the renewable energy project is categorically exempt from the provisions of CEQA per Sections 15301 (minor alterations to existing facilities) and 15303 (limited construction of small facilities) and 15304 (minor alterations to land) of Title 14 of the California Code of Regulations, and that the recommended actions are within the scope of that Notice of Exemption and direct staff to file a Notice of Exemption on that basis.

Summary Text:

This item is on the agenda for approval of a contract with Endelos Energy, Inc. to apply for California Public Utility Commission (CPUC) Self-Generation Incentive Program (SGIP) incentives and install a 90 kW battery energy storage system at the County's emergency operations center. The CPUC's SGIP offers rebates of 100% for installing energy storage technology at critical facilities. These storage technologies include battery storage systems that can function during a power outage or PSPS event.

Background:

In December, 2020, the County issued a request for proposals seeking companies to design, procure, install, test and commission a minimum of 360kWh, 90kW capacity Battery Energy Storage System (BESS) to be located at the County's Emergency Operations Center (EOC) located at 4408 Cathedral Oaks to provide resiliency through the use of energy storage for the EOC using battery technology. Endelos Energy was the selected contractor for this zero-cost project. Endelos will be responsible for the project's scope of work with no cost to the County, and will apply for all incentives obtained through California Self-Generation Incentive Program (SGIP) for the BESS, which the County will promptly assign/transfer to Endelos once received.

Once installed, the battery system will power the EOC for up to 4 hours before the generator will have to be used. In addition to providing a secondary source of backup power, the installed battery will also be used to supplement power to the facility during the peak hours, reducing energy costs for the facility through "peak shaving" by providing back up power at peak demand to reduce expensive demand charges.

In preparation for the next wildfire season, the CPUC has authorized funding of more than \$1 billion through 2024 for their Self-Generation Incentive Program. This funding includes prioritization of communities living in high fire-threat areas, communities that have experienced two or more utility Public Safety Power Shut-off (PSPS) events, as well as low income and medically vulnerable customers. The funds are also available for "critical facilities" that support community resilience in the event of a PSPS or wildfire. The County's EOC fits these criteria.

This funding is distributed on a first-come, first-served basis through an application process. This application process is available to any battery energy storage project, regardless if the applicant is a private or public entity. Applications are prioritized by the date they come in, with no preference given to local governments. The rebates will fund, and Endelos will provide Operation & Maintenance for 10 years. As such, the SGIP rebate is expected to be up to a total of \$360,000 which is greater than the initial capital cost of the battery. After the 10-year maintenance period, there will be a nominal cost to the County of approximately \$2,000 annually for maintenance, but the energy savings will still be vastly more than this nominal amount. As required by Government Code 4217.13, a two-week public notice has been made for this item.

Fiscal and Facilities Impacts:

Endelos' proposal estimates that their battery energy storage system will generate savings to the EOC as follows:

Estimated Annual Electricity Savings: \$3,000

Estimated Long Term Electricity Savings: 10 Years - \$30,000

Fiscal Analysis:

No County funds will be expended on this project. Once the 10 year contract period is over, the annual maintenance costs of \$2,000 - will be funded from the General Fund. Once the battery reaches the end of its useful life, the cost to replace it in today's dollars will be between \$60,000 and \$75,000.

Key Contract Risks:

Should Endelos apply for and ultimately not receive the full Equity Resiliency rebate of \$1,000/kWh, the agreement will be deemed Null and Void. Should Endelos default in the performance of this contract or materially breach any of its provisions prior to the completion of the installation of the BESS assets, the County will be entitled to the remaining amount of the SGIP incentive, prorated based on the percentage of the completion of the project at the time of the breach by the contractor, and the County will retain ownership of the BESS assets.

Special Instructions:

Provide one original of the fully executed Agreement for Services of Independent Contractor, and a Minute Order to Roy Hapeman, Energy Manager.

Attachments:

1. Agreement for Services of Independent Contractor
2. Notice of Exemption CEQA

Authored By:

Skip Grey, General Services