

Staff Report

for the Water and Hydroelectric Operations Committee Meeting of August 19, 2020

TO: Water and Hydroelectric Operations Committee

FROM: Keane Sommers, P.E., Hydroelectric Manager *KSS*

DATE: August 12, 2020

SUBJECT: California Public Utilities Commission's Self-Generation Incentive Program

HYDROELECTRIC

RECOMMENDATION:

Receive an informational presentation on the California Public Utilities Commission's (CPUC) Self-Generation Incentive Program (SGIP) and review a proposal by JTN Energy and Golden State Renewable Energy to install battery systems at District facilities. Provide direction to staff.

BACKGROUND:

The California Public Utility Commission's (CPUC's) Self-Generation Incentive Program (SGIP) provides incentives to support existing, new, and emerging distributed energy resources. The SGIP provides rebates for qualifying distributed energy systems installed on the customer's side of the utility meter. The SGIP Equity Resiliency Budget incentive was established to provide storage rebates for residential or "critical facility" non-residential customers in disadvantaged or low-income communities that are also in Tier 2 or Tier 3 High Fire Threat Districts (HFTD) and other areas that have experienced two or more Public Safety Power Shut-offs (PSPS).

NID maintains 83 individual Pacific Gas & Electric meters throughout its water treatment, water distribution, recreation, and hydroelectric operations. Many of those meters are located in areas that serve low-income customers in high fire danger areas. JTN Energy and Golden State Renewable Energy (GSRE) approached District Staff with a proposal to review District energy usage to determine if battery systems at District facilities could help offset District electrical expenses, improve resiliency, and help meet District sustainability goals.

Staff provided detailed energy usage information for the District's fifteen largest PG&E energy accounts to JTN/GSRE for review. One of the accounts (the North Auburn Water Treatment Plant) did not meet the SGIP geographical eligibility requirements for the 'Equity Resilience' category, however, the other fourteen accounts did. One account (the Pinewoods Pump Station) was removed from consideration due to the intermittent nature of the energy use.

The thirteen remaining sites included in the JTN/GSRE proposal will have a peak power rating of 1,364 kW and a four hour duration of peak output provide capacity of 5.4 MWh. The capital cost of the systems would total about \$5.3 million. However, the SGIP incentive level is high enough that JTN/GSRE team proposes procuring, installing, commissioning, operating & maintaining the battery system portfolio at no cost to the District. Likewise the District will not have any ongoing O&M costs. The only anticipated District expenses are staff time to support the design and installation and attorney time to review the necessary contracts.

Per the preliminary JTN/GSRE review the portfolio is conservatively estimated to reduce NID electricity costs by about 10%, or \$74,000 in year one of operations. Under the proposed NID-GSRE contract terms, NID would pay GSRE 30% of the documented savings for managing and maintaining the systems and completing SGIP reporting requirements in years 1 – 5 of operation and a lower 20% of documented savings for the remainder of the battery planned operational life, year 6 - 15. In year one this would conservatively net NID \$52K in bill savings.

Prior to a detailed NID review of the legal terms of the proposal and engineering review of the proposed systems staff is requesting Water and Hydroelectric Operations Committee member input on the proposal.

Installation of the systems is in alignment with Goals No. 1 and No. 4 of the Districts Strategic Plan by supporting local renewable energy storage infrastructure increasing reliability and reducing costs. The SGIP program requires that the batteries be discharged in years 1-5 in a manner that reduces carbon emissions each year. Also, to the degree that batteries are the first response to power outages and delay firing up generators, they will also reduce local air pollutants as well as carbon emissions.

BUDGETARY IMPACT:

To be determined based on the recommendation of the Committee. If the Committee agrees to move forward legal review is estimated to cost \$10,000. Internal labor expenses on the order of \$50,000 are expected for coordination, design review, and construction inspection.

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