

**COMMISSION OF SILICON VALLEY CLEAN WATER
JOINT POWERS AUTHORITY
SPECIAL MEETING – Wednesday, April 22, 2020
12:00 p.m.**

TO ADDRESS THE *COVID-19 PANDEMIC*, THIS MEETING WILL BE CONDUCTED TELEPHONICALLY OR OTHERWISE ELECTRONICALLY PURSUANT TO THE PROVISIONS OF GOVERNOR NEWSOM'S EXECUTIVE ORDER N-29-20. THE COMMISSION BOARD ROOM WILL BE CLOSED TO THE PUBLIC. THE PUBLIC MAY OBSERVE AND COMMENT BY TELEPHONE OR ELECTRONIC MEANS AS DESCRIBED ON PAGE 3 OF THIS AGENDA.

SEE PAGE 3 OF THIS AGENDA FOR MEETING ACCESS INFORMATION AND INSTRUCTIONS

COMMISSIONERS

COUNCIL MEMBER ALICIA AGUIRRE, REDWOOD CITY – CHAIR
BOARD MEMBER GEORGE OTTE, WEST BAY SANITARY DISTRICT – VICE CHAIR
COUNCIL MEMBER MARK OLBERT, SAN CARLOS – SECRETARY
MAYOR WARREN LIEBERMAN, BELMONT – MEMBER

MANAGER: TERESA A. HERRERA

ATTORNEY FOR THE AUTHORITY: CHRISTINE C. FITZGERALD

CONTROLLER:

TREASURER: MATTHEW ANDERSON

AMERICANS WITH DISABILITIES ACT

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact SVCW (650) 591-7121. Notification in advance of the meeting will enable the Authority to make reasonable arrangements to ensure accessibility to this meeting.

AGENDA

1. CALL TO ORDER
2. ROLL CALL
3. PLEDGE OF ALLEGIANCE
4. PUBLIC COMMENT

Any member of the public may address and ask questions of the Chair under this item relating to any matter within the Commission's jurisdiction that does not appear as a separate item on the Agenda. An opportunity will be provided for members of the public to address the Chair and ask questions about any item that is listed on the agenda at the time the Commission considers the item and before action is taken. If you address the Commission on a non-agenda item, be aware that the Ralph M. Brown Act (Gov. C. § 54950 et seq.) prohibits the Commission from acting on or discussing such matters at this meeting. Any such item may be referred to staff for a decision with regard to placing it on a future agenda for discussion,

action or a report. Written comments received within two hours of the beginning of the meeting will be read into the meeting record.

5. SAFETY MOMENT and REPORTS

Not Used

6. MATTERS OF COMMISSION MEMBER'S INTEREST

7. CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR

No Consent Calendar Items

8. BUSINESS ITEMS

A. CONSIDERATION OF RESOLUTION APPROVING SETTLEMENT AGREEMENT BETWEEN ADVANCED MICROGRID SYSTEMS AND SILICON VALLEY CLEAN WATER

Proposed Action:

Move adoption of RESOLUTION APPROVING SETTLEMENT AGREEMENT BETWEEN ADVANCED MICROGRID SYSTEMS, INC. AND SILICON VALLEY CLEAN WATER RELATED TO ENGERGY STORAGE PROJECT (CIP #9810), AUTHORIZING RELEASE OF FUNDS THEREFOR, AND AUTHORIZING TERMINATION OF ENERGY MANAGEMENT SERVICES AGREEMENT FOR SAID PROJECT

9. CLOSED SESSION

No Closed Session Items

10. RECONVENE IN OPEN SESSION – Announce action taken in Closed Session, if any

11. ADJOURN

Microsoft Teams Access Information
Silicon Valley Clean Water
Regular Meeting
Wednesday, April 22, 2020

WEBSITE: [Link to access meeting](#)

MEETING ID: 421 955 754#

CALL IN PHONE NUMBER: 1-747-216-0281

You may view video during the meeting via live stream. An audio will be available after the meeting at SVCW's website. If you experience technical difficulties or have technical questions prior to or during the meeting, please contact Teams meeting support at 707-862-0859. Note: Public participation is not permitted during closed session discussion items.

Public Comment

Public comment may be made by joining the meeting using the link or phone number above or by emailing comments to commission@svcw.org up to two hours prior to the scheduled meeting time. All comments should be in accordance with the three-minute per speaker limit. Indicate in your email the agenda item to which your comment applies. If you have anything that you wish distributed to the Commission and included for the official record, please include it in your email. Comments that require a response may be deferred for staff reply.

SVCW's Clerk will read all written comments into the meeting record.

Accessibility for Individuals with Disabilities

Upon request, SVCW will provide for access to individuals with disabilities to fully engage in the meeting process. Joining the meeting via the teleconference instructions above will provide access to open captioning. For other accommodations, please email your request to commission@svcw.org or call 650-591-7121. Requests will be granted whenever possible and resolved in favor of accessibility.

Subject to Change:

Given the current public health emergency and the rapidly evolving federal, state, and local orders, the format of this meeting may be altered or the meeting may be canceled. You may check on the status of the meeting by visiting SVCW's website www.svcw.org.

ENERGY STORAGE SETTLEMENT AGREEMENTISSUE

Approval of Settlement Agreement with Advanced Microgrid Solutions for Energy Storage Project (CIP 9810)

BACKGROUND

SVCW staff continuously explores ways to improve the treatment plant's energy efficiency and generation, seeking opportunities to enhance overall smart energy use. One interesting opportunity identified in early 2017 was energy storage through lithium-ion batteries. At that time, staff engaged with multiple firms specializing in battery storage, exploring various options for public-private partnerships.

Energy storage offers a great opportunity for cost savings in wastewater treatment plants due to varying electric demands throughout the day. In an energy storage scenario, lithium-ion batteries will be charged at times when demand is low and cost of electricity is cheaper, then the batteries will be discharged (stored energy will be used by plant equipment) when demand is higher and electricity more expensive. Using stored energy also prevents high demand charges due to instant spikes in power demand under a scenario of sudden startup of large loads (for example, a large pump starting up during peak demand period). These demand spike charges typically represent a significant portion of SVCW's electricity bill.

Staff worked with three reputable firms involved in energy storage – Advanced Microgrid Solutions (AMS), Green Charge, and SunPower. The firms were provided actual SVCW data to analyze and size energy storage systems and provided proposals for SVCW consideration. After analyzing and comparing the proposals, SVCW staff concluded that 1) energy storage offers savings and a significant financial return to SVCW and 2) AMS offered the best value to SVCW. On April 13, 2017, staff recommended, and the Commission approved issuing a letter of intent to further explore an energy storage option with AMS.

On October 11, 2018 staff recommended and the Commission approved a public-private partnership arrangement with AMS. AMS was responsible for engineering, procurement and construction of the battery system for a fixed price of \$1,598,000 and thereafter, operation and maintenance services of the system for a fixed annual fee of \$35,100. SVCW is authorized to enter into such arrangements under California Government Code Section 4217 which allows public entities to authorize energy services contracts without competitive bidding. A requirement under Section 4217 is public advertisement of the agency's intent; such requirement was met by SVCW with publications in the San Mateo County Times on September 26 and October 1 noting the date for the public hearing for this item (October 11, 2018 Commission meeting).

SVCW staff and AMS identified that the State of California is offering a very attractive incentive for battery storage under the Self Generation Incentive Program (SGIP). In 2017 SVCW applied for this SGIP incentive and on January 8, 2018, SVCW was notified that

an SGIP grant in the amount of \$1,022,000 was awarded for the Energy Storage Project. This grant increased the financial attractiveness of this project and staff's evaluation showed that the energy storage project could have a simple payback of less than seven years.

At the October 2018 Commission meeting two agreements with AMS were approved:

1. Engineering, Procurement, and Construction (EPC) Services agreement:

This agreement covered all work required to put the storage system in place at the wastewater treatment plant at a capital cost of \$1,598,000; the SGIP grant of \$1.022 million to be applied to this cost and the balance to be paid from SVCW's CIP project #9810, Energy Storage project.

2. Energy Management Services (EMS) agreement:

The Energy Management Services contract covered AMS utilizing its complex computer algorithms to continuously monitor and adjust system operation to optimize the energy savings. This work was for a fixed annual fee of \$35,100. This agreement covered a period of ten years, matching the warranty period of the batteries with a provision to extend the agreement period beyond ten years. AMS provided a guaranteed minimum annual cost savings of \$105,368 with an expected annual savings is \$150,584.

AMS completed the construction and installation of the battery system in May 2019. The next step was to startup and commission the system which required P.G.&E. approval of system integration. P.G.&E. had originally approved the system impact study with an estimated timeline of interconnection to occur by October 2019. In September 2019, P.G.&E. notified SVCW that its interconnection work is delayed and P.G.&E. pushed their work out by six months. Since then, the AMS team has been waiting for P.G.&E. to complete its work so the battery system can be energized and started up.

DISCUSSION

In January 2020, AMS notified SVCW staff that the company leadership has decided to shift its business practice away from energy management and hence requested to work with SVCW to transition its Energy Management Service agreement to another firm. Later, AMS sent a letter expressing its desire to terminate the Energy Management Services agreement. SVCW then hired an independent consultant, Marvel Power Group (MPG), to provide independent services to help assist in this transition. MPG has been assisting SVCW in this transition by soliciting competitive bids via a Request for Proposal (RFP) for startup & commissioning and energy management services. On Monday, March 6, 2020, SVCW received four competitive bids in response to the RFP. After careful considerations and evaluations of the proposals, SVCW staff finds Enel X to be the most suitable for the services.

Prior to entering into a Services Agreement with EnelX, the agreements with AMS need to be closed out and replaced with a Settlement Agreement so that both parties can be released from their obligations and SVCW can move forward to complete the Project. Negotiations have been ongoing with AMS and both AMS and SVCW are motivated to

complete this process as soon as practicable so that both can move forward with respective plans.

To this end, and in accordance with direction given by this Commission during closed session at its regular meeting held on April 20, 2020, terms for settlement have been reached with AMS that include a credit from AMS to SVCW in the amount of \$100,232 which will be deducted from amounts owed by SVCW under the EPC Services agreement. This dollar amount accounts for the expected losses to SVCW over the 10-year services period under the EMS agreement. Other items required for closeout and settlement are: battery ownership to be transferred to SVCW, Operations and Maintenance Manuals to be provided, and warranty documentation transfer. These items as well as liability releases are contained in the settlement agreement between SVCW and AMS.

FINANCES

Expected loss in savings over a ten-year period between AMS and EnelX differs by approximately \$96 thousand. Adding in costs for obtaining proposals from other service companies and startup costs, the expected loss over a ten-year period is \$138 thousand. Given the settlement amount of \$100,232 thousand, staff recommends that SVCW settle with AMS in this amount which will enable energy savings to occur as soon as P.G.&E. completes their interconnection work.

RECOMMENDATION

Move adoption of RESOLUTION APPROVING SETTLEMENT AGREEMENT BETWEEN ADVANCED MICROGRID SYSTEMS, INC. AND SILICON VALLEY CLEAN WATER RELATED TO ENGERGY STORAGE PROJECT (CIP #9810), AUTHORIZING RELEASE OF FUNDS THEREFOR, AND AUTHORIZING TERMINATION OF ENERGY MANAGEMENT SERVICES AGREEMENT FOR SAID PROJECT