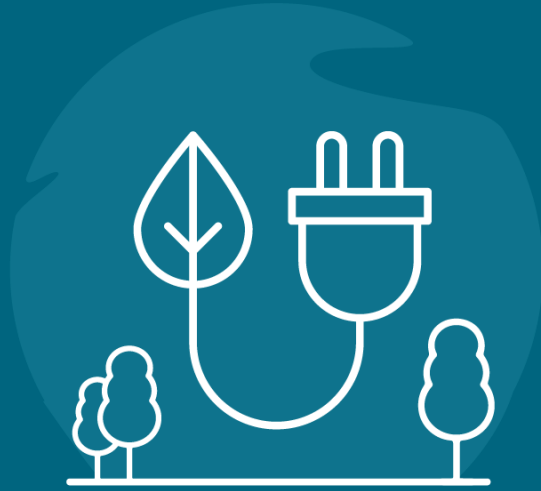


# LONG-DURATION STORAGE AND WHOLESALE ENERGY SERVICES

San José City Council  
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Item 6.1



Lori Mitchell, Director of Community Energy  
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# LONG-DURATION STORAGE

## GOAL LINE PROJECT

# WHAT IS LONG-DURATION STORAGE?

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- Technologies, most commonly batteries, that store energy for use at a later time
- Long-duration storage discharges energy for 8 hours or longer
- Allows renewable energy to be used at more advantageous times
- Important to pair with renewables to ensure reliability while reducing carbon emissions



Battery storage from SJCE's Kern County Solar+Storage Project

# BACKGROUND

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- 2021 CPUC Decision 21-06-035 requires SJCE to buy 247 MW of clean capacity by 2026, including 21.5 MW of long-duration storage.
- CC Power, a Joint Powers Authority comprised of 10 CCAs including SJCE, released a solicitation for long-duration storage in October 2021 that received offers from 51 entities.
- Goal Line is one of five best offers shortlisted.
- On March 8, 2022, Council approved procurement of SJCE's first long-duration storage project, Tumbleweed, through CC Power.
- SJCE requires 10 MW of additional capacity to meet the CPUC requirement.

# PROJECT: GOAL LINE BESS 1, LLC

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- Project size: 50 MW; SJCE share: 12.11 MW
- Technology: 8-hour lithium-ion battery energy storage
- Cost: ~\$4.4 million annually, \$66 million in aggregate
- Location: San Diego County, California
- Online date: June 2025
- Term: 15 years
- **Seeking approval for up to 20 MW** to be able to take additional capacity if other CCAs drop out. Can be used to meet resource adequacy and energy needs.
- Five other CCAs\* participating: three are investment grade credit rated, and the other two are each taking less than 5% of the project.

\*Sonoma Clean Power, CleanPower San Francisco, Redwood Coast Energy Authority, Silicon Valley Clean Energy, and Valley Clean Energy.

# AGREEMENT STRUCTURE

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## 1. Energy Service Storage Agreement

- CC Power buys the storage services from the project developer Goal Line BESS 1, LLC.

## 2. Project Participation Share Agreement

- Each participating CCA receives from CC Power its related share of the storage services and agrees to pay CC Power for these services.
- CC Power Board makes key decisions relating to the project pursuant to voting by only the project participants.

## 3. Buyer Liability Pass Through Agreement

- The developer has direct recourse to each participating CCA for its share of the contract payments but only for that CCA's share of the payments.
- Required as CC Power has no assets or revenues, though it maintains insurance.

## 4. Coordinated Operational Agreement

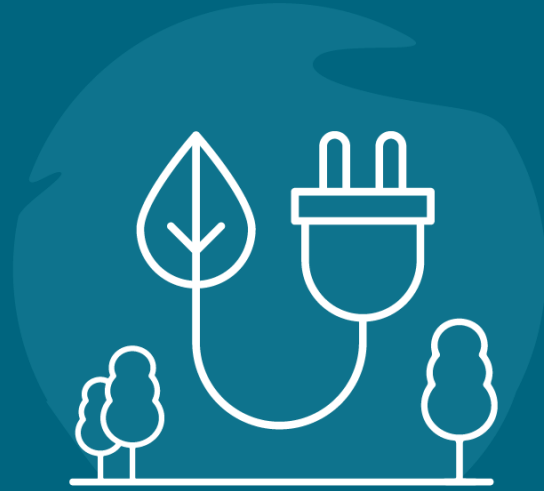
- Defines how the resource will be operated between CC Power and the participating CCAs.

# SJCE EXPLORATION OF LOCAL OPPORTUNITIES

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- SJCE is always seeking economic local projects.
  - Shortlisting a local project in current solicitation
  - Contracting subject to negotiations
- SJCE may issue a solicitation for small local projects in the fall that will also provide local resiliency benefits.





# **WHOLESALE ENERGY SERVICES AGREEMENT WITH NCPA**



# BACKGROUND

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- On February 22, 2022, SJCE released an RFP for Wholesale Energy Services, including Scheduling Agent services, with the following scope:
- Scheduling Agent services:
  - General services (including a 24-hour staffed desk and a contract management system)
  - Load scheduling, forecasting, settlement, and short-term forecasting services
  - Generating resources scheduling and settlement services
  - Congestion revenue rights services
  - Generator control center services
- Other wholesale energy services included:
  - Portfolio management and optimization
  - Middle office / risk services
  - Resource adequacy compliance services
  - California Air Resources Board compliance services
  - Long term (annual, 3-year, 5-year, 10-year and beyond) load forecasting services

# RFO RESULTS

- Four proposals evaluated
- Interim round of scoring resulted in oral interviews with 3 bidders
- Lowest cost proposal: Bidder unable to provide all needed services and would require significant additional internal staff resources
- Solicited a best and final offer from two top respondents
- NCPA had the highest overall score

	NCPA	TEA	zGlobal	ACES
	Round 1			
Qualifications/Experience	39	35	22	32
Cost	21	20	32	15
Total	61	55	54	47
	Round 2			
Qualifications/Experience	29	26	12	NA
Cost	13	11	19	NA
Oral	25	24	25	NA
Total	67	61	55	NA

# NCPA'S QUALIFICATIONS

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- Over 50 years in the industry
- Strong focus on CAISO markets, load and resource scheduling including short-term forecasting and settlements, congestion revenue rights, resource adequacy compliance, portfolio management and optimization, and middle office/risk services
- Provides similar services to several other CCAs in California including East Bay Community Energy, Sonoma Clean Power, and numerous municipal utilities such as Silicon Valley Power (City of Santa Clara) and the City of Palo Alto
- Best overall value given the comprehensive package of services provided by experienced staff
- 24/7 control center has off-site redundancies that meet and exceed CAISO requirements to endure emergency conditions

# AGREEMENT STRUCTURE

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- Term: Three years, with three possible extensions of two years each subject to the mutual agreement of the parties.
- Annual Cost: \$733,466 in year one, 3% escalator in each subsequent year.
- Maximum Not-to-Exceed: \$7,500,000

# QUESTIONS?

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- Recommendations

- Approval to procure up to 20 megawatts from Goal Line BESS 1 long-duration storage battery project through CC Power to meet state requirements and contribute to reliability
- Authorize the City Manager or her authorized designee to negotiate and execute the Wholesale Energy Services Agreement with NCPA

- Staff

- Lori Mitchell, Director
- Jeanne Solé, Deputy Director

