



COUNTY OF HUMBOLDT

For the meeting of: 9/18/2020

File #: 20-1161

To: Board of Supervisors

From: Public Works

Agenda Section: Consent

SUBJECT:

Humboldt County Correctional Facility and Courthouse Battery Energy Storage Project

RECOMMENDATION(S):

That the Board of Supervisors:

1. Waive the requirements of the Humboldt County Nuclear-Free Ordinance with regard to the attached energy products purchase, operation and maintenance, non-disclosure and release of information agreements with Tesla, Inc.;
2. Approve, and authorize the Chair of the Board to execute, the attached energy products purchase, operation and maintenance, non-disclosure and release of information, agreements with Tesla, Inc., proposed system information attestations and reservation request forms regarding the Humboldt County Correctional Facility and Courthouse Battery Energy Storage Project;
3. Authorize the Public Works Director to execute any and all subsequent amendments to the attached energy products purchase, operation and maintenance, non-disclosure and release of information agreements with Tesla Inc., and any additional attestations, reservation requests, certifications, no-cost technical agreements and other documents that are required to implement the Humboldt County Correctional Facility and Courthouse Battery Energy Storage Project, after review and approval by County Counsel, Risk Management and the County Administrative Office;
4. Direct the Clerk of the Board to return two (2) fully executed original copies of the attached energy products purchase, operation and maintenance, non-disclosure and release of information agreements with Tesla, Inc., proposed system information attestations and reservation request forms to the Department of Public Works for further processing; and
5. Direct Department of Public Works staff to file the attached Notice of Exemption, which states that the Humboldt County Correctional Facility and Courthouse Battery Energy Storage Project is exempt from environmental review, with the Humboldt County Clerk in accordance with the California Environmental Quality Act.

SOURCE OF FUNDING:

General Fund (1100)

DISCUSSION:

The Humboldt County Department of Public Works - Facilities Management Division (“Public Works”) is responsible for overseeing the efficient and fiscally responsible management of energy use at county facilities. In the past few years, this has included preparing for the possibility of Pacific Gas & Electric (“PG&E”) Public Safety Power Shutoff (“PSPS”) events. PSPS events can occur when severe weather such as high temperatures, low humidity and/or strong winds threaten the electrical grid, requiring PG&E to turn off electricity to prevent their equipment from causing a wildfire. PG&E has recommended planning for multiple-day electric outages. Battery energy storage systems provide resiliency to facilities by providing them with a power source during an electrical disruption. In the case of a PSPS, or other power outage, event, backup power is essential for critical county services to continue to be provided to residents. While successful steps have been taken locally to mitigate the impacts of PSPS events, battery storage will provide an extra layer of resiliency to critical facilities.

In addition to providing a power source during an electrical interruption, battery energy storage systems can provide significant electricity bill savings by storing low-cost energy and using it during peak use periods when electricity rates are high. Peak demand charges can account for up to fifty percent (50%) of the total energy bill.

Self-Generation Incentive Program

The California Public Utilities Commission’s (“CPUC”) Self-Generation Incentive Program (“SGIP”) promotes the use of energy storage through incentives to install battery storage systems to a customer’s utility. In preparation for the next wildfire season, CPUC is funding more than One Billion Dollars (\$1,000,000,000.00) in SGIP projects that prioritize communities living in high fire-threat areas and low-income and disadvantaged communities.

Within the SGIP there are two (2) higher rebate categories for non-residential customers, the Equity Incentive and the Equity Resiliency Incentive. The Humboldt County Correctional Facility and Courthouse Battery Energy Storage Project would qualify for the Equity Resiliency Incentive which covers one hundred percent (100%) of the costs, including operations and maintenance costs, associated with eligible projects. Project sites must meet the following criteria established by the CPUC to be selected for the Equity Resiliency Incentive:

- Must have experienced two (2) or more PSPS events;
- Serve customers that are located in a disadvantaged or low-income community; and
- Must be a “Critical Facility” which includes emergency operations centers, 911 call centers and jails.

SGIP 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. If funding is exhausted before the CPUC approves the Humboldt County

Correctional Facility and Courthouse Battery Storage Energy Project, the attached agreements with Tesla, Inc. ("Tesla"), proposed system information attestations and reservation request forms will be nullified.

Vendor and Site Selection

In the summer of 2020, Public Works staff was contacted by Tesla about the SGIP and Tesla's battery energy storage installations. Public Works staff have been working with Tesla staff to determine program eligibility of county sites. After preliminary analyses by Public Works and Tesla, the Humboldt County Correctional Facility and specific uses within the Humboldt County Courthouse are the most eligible and appropriate sites to continue pursuit of this funding.

The battery energy storage installations will provide site power for a period of up to fourteen (14) hours in the event of a PSPS. Further, Tesla's battery energy storage systems communicate with the National Weather Service to know when severe weather or PSPS events are likely to occur. This triggers a notification to the county that the batteries are charging in preparation for the weather or PSPS event. This mode charges the system to maximize capacity in order to allow for the provision of backup power.

Other Considerations

Public Works staff have determined that the project is categorically exempt from environmental review in accordance with the California Environmental Quality Act, as the attached Notice of Exemption confirms. It should be noted that the venue for resolving any disputes arising under the attached agreements with Tesla is Santa Clara County, rather than Humboldt County. Additionally, the requirements of the Humboldt County Nuclear-Free Ordinance must be waived prior to the execution of the attached agreements with Tesla.

FINANCIAL IMPACT:

There is no cost associated with entering into the attached agreements with Tesla regarding the Humboldt County Correctional Facility and Courthouse Battery Energy Storage Project. The only cost involved would be staff time which is already included in the approved fiscal year 2020-2021 budget for Facilities Management budget unit 1100-162. Through the SGIP Equity Resiliency Incentive, all engineering, design, installation and operations and maintenance costs associated with the Humboldt County Correctional Facility and Courthouse Battery Energy Storage Project are covered for the duration of the ten (10) year contract term. However, there is a possibility that Tesla will be required to provide additional maintenance services, as agreed to by the County of Humboldt, that will be compensated on a time and materials basis.

After the attached agreements with Tesla expire, the county will fully own the system and become responsible for the operation and maintenance thereof. The county will continue to realize the electricity savings and resiliency benefits from the system until the end of the systems' useful life of twenty (20) years. The savings from utilizing the system during peak usage is estimated to be approximately eighteen percent (18%), which would help offset the future operations and maintenance

costs. It is estimated that each year there will be a two percent (2%) cost for maintenance. After the effective useful life of the system has expired, Tesla has recommended budgeting for system removal and shipment of the batteries back to the Tesla Gigafactory in Sparks, Nevada. Tesla will responsibly recycle the system for no cost.

STRATEGIC FRAMEWORK:

The recommended actions support the Board of Supervisors' Strategic Framework by providing for and maintaining infrastructure and managing county resources to ensure sustainability of services.

OTHER AGENCY INVOLVEMENT:

The California Public Utilities Commission

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board could choose not to approve the attached agreements with Tesla regarding the Humboldt County Correctional Facility and Courthouse Battery Energy Storage Project. However, this alternative is not recommended as this no-cost project is an ideal way to continue to improve the resiliency of critical county facilities.

ATTACHMENTS:

1. Humboldt County Correctional Facility Battery Energy Storage Proposal
 - a. Tesla Energy Products Purchase Agreement
 - b. Tesla Energy Products Operation and Maintenance Agreement
 - c. Tesla Standard Non-Disclosure Agreement
 - d. Authorization to Receive Customer Information or Act Upon a Customer's Behalf
 - e. Proposed System Information Attestation
 - f. Reservation Request Form
2. Humboldt County Courthouse Battery Energy Storage Proposal
 - a. Tesla Energy Products Purchase Agreement
 - b. Tesla Energy Products Operation and Maintenance Agreement
 - c. Tesla Standard Non-Disclosure Agreement
 - d. Authorization to Receive Customer Information or Act Upon a Customer's Behalf
 - e. Proposed System Information Attestation
 - f. Reservation Request Form
3. Notice of Exemption

PREVIOUS ACTION/REFERRAL:

Board Order No.: N/A

Meeting of: N/A

File No.: N/A