



**City Council**

Action to Delegate Authority to the City Manager to Complete Negotiations and Execute a Third Phase Agreement with the Northern California Power Agency (NCPA) for the Purchase of Energy Storage Products from Trolley Pass Project LLC

Nico Procos, Director of SVP  
Agenda Item No. 7 (#25-746)  
August 19th, 2025

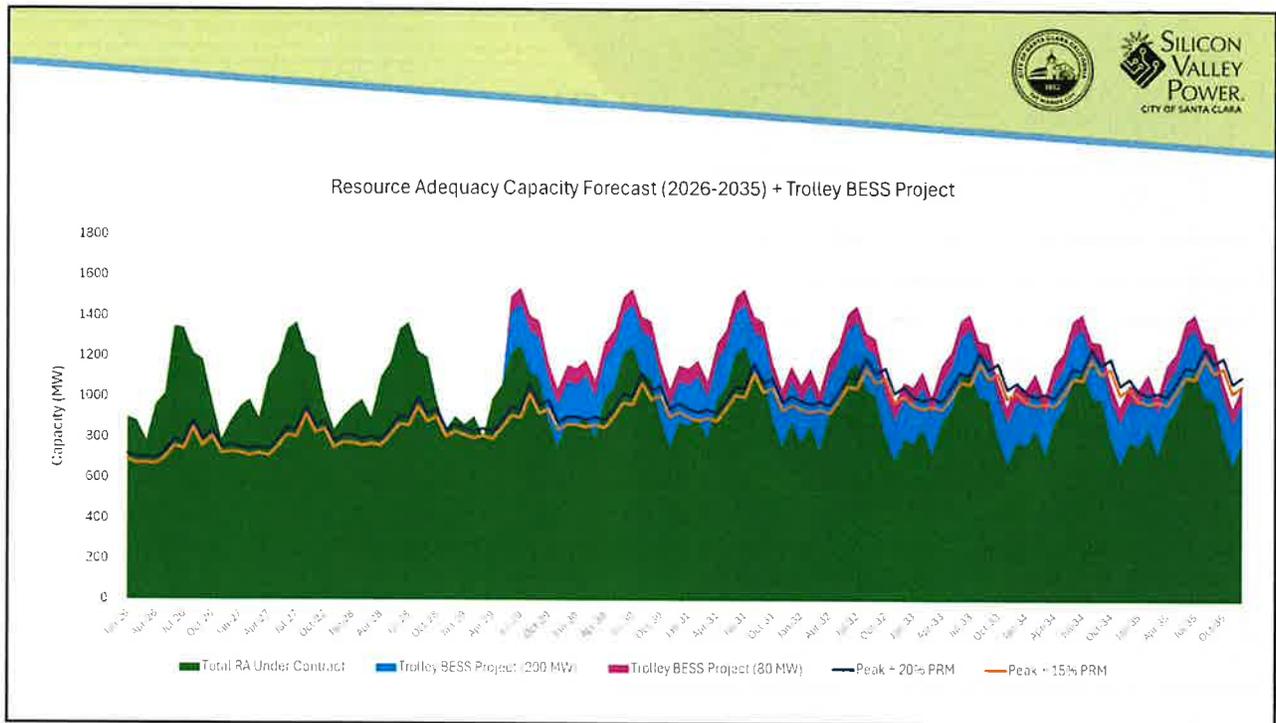
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**Agenda**

- Uses of a Battery Energy Storage System
- Trolley Battery Energy Storage System (BESS) – Project Overview
- Contracting Parties and Structure
- Trolley Project Energy Storage Services Agreement (ESSA) Key Terms

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### Uses of a Battery Energy Storage System

- Ability to use cheaper energy to charge battery and discharge batteries during higher priced hours
- Enhance hourly emissions profile
- Excess Resource Adequacy capacity reduces SVP's risk of not having enough Resource Adequacy capacity when:
  - Generating resources are taken offline due to unplanned outage
  - CAISO changes the Resource Adequacy accounting rules or reduces the qualifying capacity of existing generating resources
  - Projects slated to come online but are delayed or cancelled
- Excess Resource Adequacy capacity can be resold to other utilities and load serving entities (Current Practice)

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## Trolley Battery Energy Storage System (BESS) – Project Overview

- **RFP issued:** Feb. 15, 2024 by Northern California Power Agency (NCPA)
- **Developer:** Aypa Power Development LLC
- **Capacity:** Total 400 MW Project
  - SVP portion 280 MW
- **Products:** Discharging Energy, Storage Capacity, Capacity Attributes, Ancillary Services
- **Location:** San Bernadino County (CAISO-connected)
- **Expected Commercial Operation Date (COD):** June 1, 2029



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## Contracting Parties and Structure



Energy Storage Services Agreement (ESSA)

Trolley Pass Project LLC  
(Aypa Power Development LLC)

Northern California Power Agency (NCPA)

Third Phase Agreement

**Participating Members**

- Santa Clara – 280 MW
- Alameda – 10 MW
- Lompoc – 3 MW
- Palo Alto – 50 MW
- Redding – 45 MW
- Shasta Lake – 5 MW
- Port of Oakland – 4 MW
- Ukiah – 3 MW

- June 24, 2025: NCPA Commission approved ESSA and Third Phase Agreement
- Execution contingent on Participating Members' approval of Third Phase Agreement

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## Trolley Pass Project LLC & NCPA - Key ESSA Terms

- Term: 20-year delivery
- Fixed price without escalators
- NCPA determines when to charge/discharge battery
- Development and performance security tied to milestones and other commitments
- Guaranteed efficiency rates, RA amount, and storage availability
  - Storage contract capacity adjusted based on storage tests
  - Liquidated damages for missed metrics
- Termination rights for events of default, force majeure, or adverse tax policy /tariff impacts
- Seller to obtain permits, finance, build, own, operate, and maintain the facility
- Contract price increase cap – due to changes in tax laws/tariff impacts

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## NCPA Third Phase Agreement

- Participants agree to purchase products produced by facility under a “take-or-pay” agreement
- Products will be delivered to participants based on their project participation percentage – 70% or 280 MW
- Participants are obligated to pay their proportionate share of project costs
- Rules for governance and other administrative functions

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## Recommendation

1. Authorize the City Manager, or designee, to complete negotiations, approve, and execute a Third Phase Agreement (Agreement) with the Northern California Power Agency for the purchase of energy storage products from the Trolley BESS Facility on the terms presented, for a total contract amount of \$983,000,000 over 20 years with permissible adjustments due to supply chain events and change in tax law, funded by the Electric Utility Fund, subject to the review and approval as to form by the City Attorney; and
2. Authorize the City Manager to (a) take any and all actions as are necessary or advisable to implement and administer the Agreement; and (b) approve and execute future amendments to the Agreement for any price adjustments and other changes authorized under the Agreement, subject to the review and approval as to form by the City Attorney.

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Thank you

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