



Agenda Report

18-756

Agenda Date: 8/28/2018

REPORT TO COUNCIL

SUBJECT

Action on the Renewable Power Purchase Agreement with Viento Loco Wind, LLC

BACKGROUND

In December 2016, the City Council updated the City of Santa Clara's Renewable Energy Resource Procurement Plan to reflect the changes made to the Public Utilities Code and the Renewable Portfolio Standard Regulations mandated by Senate Bill 350 that required the City of Santa Clara's Electric Department, Silicon Valley Power (SVP), to achieve 50% renewables by 2030. SVP currently meets or exceeds current Renewable Portfolio Standard (RPS) requirements and is on track to meet 33% by 2020. In addition, SVP must replace existing renewable contracts that will expire in the future with new contracts, as well as procure additional renewable energy to meet both load growth projections and annual increases to the RPS as it incrementally rises to 50%.

In conformance with the City's Purchasing Ordinance, the purchase or sale of electrical power and fuels for the generation is not subject to the City's centralized purchasing system, but is instead procured by SVP. SVP procures Power Purchase Agreements (PPA) by engaging with project developers through their direct offerings and through a request for proposal (RFP) process. Each potential PPA project may have unique characteristics that impact the value of the resource to SVP customers and staff evaluates the potential projects on locational value, shape of the generation output, environmental attributes, capacity attributes, viability and flexibility.

At the March 27, 2018 Study Session, City staff provided an informational briefing on the evaluation of a new long-term renewable PPA contract to procure a New Mexico wind generation project scheduled for commercial operation in 2021.

DISCUSSION

SVP was approached through a direct offering by the project developer and has completed eight months of contract negotiations. Staff recommends to add 200 MW of New Mexico wind generation project to the renewable energy portfolio through a Renewable Power Purchase Agreement with Viento Loco Wind, LLC at an annual cost of approximately \$28 million per year. The proposed project is expected to be online in fiscal year 2020/21, and the term of the purchase agreement will be 20 year delivery term with an anticipated commercial operating start date of December 1, 2021. This wind farm will be located in or near Lincoln County in New Mexico with an interconnection with the SunZia LLC 500kV transmission line. In case the contractor cannot meet the target for performance, the contract includes various default provisions including but not limited to a contract cure process, liquidated damages, and termination clauses.

SVP will add to and further diversify its power portfolio enhancing resiliency of its resources with this source of renewable energy in accordance with the Council's adopted Policy on Environmental

Stewardship and Renewable Portfolio Standards.

ENVIRONMENTAL REVIEW

This action being considered does not constitute a “project” within the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

FISCAL IMPACT

SVP will purchase approximately 763,303 MWhs annually, at a cost of approximately \$28,165,881 per year.

COORDINATION

This report has been coordinated with the Finance Department and City Attorney’s office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City’s official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City’s website and in the City Clerk’s Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk’s Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

1. Delegation of authority to the City Manager to execute a Renewable Power Purchase and Sales Agreement with Viento Loco Wind, LLC, in substantially similar terms as presented, and subject to final review and approval by the City Attorney
2. Authorize the City Manager to execute all necessary documents, subject to final review and approval by the City Attorney, to effectuate the purchases of power from Viento Loco Wind, LLC.

Reviewed by: John C. Roukema, Chief Electric Utility Officer

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Renewable Power Purchase Agreement Between the City of Santa Clara and Viento Loco Wind, LLC