



City of Arts & Innovation

# City Council Memorandum

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**TO: HONORABLE MAYOR AND CITY COUNCIL                      DATE: MAY 25, 2021**

**FROM: PUBLIC UTILITIES DEPARTMENT                              WARD: ALL**

**SUBJECT: CALIFORNIA AIR RESOURCES BOARD / RIVERSIDE PUBLIC UTILITIES  
GREEN POWER PURCHASE AGREEMENT**

**ISSUE:**

Approve the California Air Resources Board / Riverside Public Utilities Green Power Purchase Agreement to allow Riverside Public Utilities to serve the net energy needs of the California Air Resources Board's new Southern California Headquarters facility with 100% renewable energy for a term of 20 years, at a fixed cost of \$0.0179/kilowatt (kWh) above the facility's otherwise applicable tariff.

**RECOMMENDATIONS:**

That the City Council:

1. Approve the Green Power Purchase Agreement with the California Air Resources Board to serve the net energy needs of their new Southern California Headquarters facility with 100% renewable energy for a term of 20 years, at a fixed cost of \$0.0179/kWh above the facility's otherwise applicable tariff; and
2. Authorize the City Manager, or designee, to execute the Green Power Purchase Agreement and all documents necessary to administer the Agreement, including the ability to make non-substantive changes, or if needed, to terminate the Green Power Purchase Agreement in accordance with Agreement terms and conditions.

**BOARD RECOMMENDATION:**

On April 26, 2021, the Board of Public Utilities voted unanimously to recommend that the City Council Approve the Green Power Purchase Agreement with the California Air Resources Board to serve the net energy needs of their new Southern California Headquarters facility with 100% renewable energy for a term of 20 years, at a fixed cost of \$0.0179/kWh above the facility's otherwise applicable tariff.

**BACKGROUND:**

In March 2016 the California Air Resources Board (CARB) announced that they intended to build their new, state-of-the-art \$419 million, 380,000-square-foot headquarters and research facility

within the City of Riverside, near the University of California, Riverside campus. As stated in their news release, CARB chose this 19 acre site near the Riverside campus because this site “would provide the best opportunity for growth in the coming decades, and for collaboration with [the] world-class air quality research already underway at UC Riverside.” The development of this facility is expected to provide significant economic benefits to the City, while bringing as many as 460 high-paying jobs into the area.

CARB’s new headquarters campus will contain one of the largest and most advanced vehicle emissions testing and research facilities in the world. The campus buildings are also being designed to achieve Leadership in Energy and Environmental Design (LEED) Platinum certification, the highest level awarded by the U.S. Green Building Council and meet California’s CalGreen Tier 2 threshold for overall sustainability and energy efficiency. Additionally, the campus facility is being designed to be “carbon-neutral,” which will be achieved through the deployment of approximately 3.0 MW of on-site solar photovoltaic (PV) systems, a 0.75 MW / 1.5 MWh battery energy storage system, and the purchase of 100% renewable energy from Riverside Public Utilities (RPU) for all the facility’s remaining net-energy needs.

The exact amount of new electrical load that this CARB facility will use is currently unknown but is expected to fall between 21,900 MWh to 26,300 MWh annually with a potential peak demand of 6 to 8 MW. The on-site solar PV generation is expected to offset 6,600 MWh to 9,200 MWh of this load; the remaining net-energy needs will be served by RPU using certified 100% renewable energy resources currently under contract within the Utility’s power generation portfolio.

## **DISCUSSION:**

In 2019, CARB staff entered discussions with RPU staff about the idea of procuring 100% renewable energy from the Utility to meet the new facility’s net-energy needs. Initially, RPU staff proposed that the facility elect to receive service under RPU’s 100% Renewable Energy Tariff (100% RET). Under RPU’s currently approved 100% RET, any RPU customer can receive California Energy Commission (CEC) certified renewable energy for \$0.0179/kWh above their otherwise applicable tariff, where this cost adder is guaranteed not to increase for five years. After review, CARB staff expressed interest in this rate, but also informed RPU that CARB needed a 20-year renewable energy commitment and price guarantee in order to meet the states sustainability and carbon-neutrality goals.

Staff currently forecast the cost differential between RPU renewable and non-renewable resources to be \$0.0161/kWh over the next 10 years (average cost differential for FY21-FY30 for all Power Purchase Agreements within RPU’s portfolio of energy resources). Additionally, in the next decade, staff expects this cost differential to decrease due to the continued decreasing cost of new and existing renewable resources and increasing cost of carbon emissions. Based on this assessment, staff believes that a modified version of the current 100% RET can be offered to CARB, without imposing any additional costs on other RPU ratepayers.

The CARB/RPU Green Power Purchase Agreement (Attachment 2) entitles the new CARB facility located at 4001 Iowa Avenue to receive 100% certified renewable energy from RPU for a term of 20 years, at a cost of \$0.0179/kWh above their otherwise applicable tariff. Under this Agreement, RPU will also commit to retiring all of the renewable energy credits associated with these renewable energy purchases on CARB’s behalf and collaborate with CARB on publicity and marketing programs to promote the multiple benefits of using renewable energy resources to serve CARB’s facility.

Next Steps

To support the facility's carbon neutrality designation, a net energy metering (NEM) agreement for the facility's on-site solar PV system will also be brought to the Board and City Council upon the completion of the system's construction. This future NEM agreement will support both the PV system size and the need for CARB to retain and retire the renewable energy credits.

**FISCAL IMPACT:**

The utility will recognize revenues greater than the applicable rate tariff in proportion to the load and demands of the customer.

Prepared by: Todd M. Corbin, Utilities General Manager  
Certified as to  
availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer  
Approved by: Al Zelinka, FAICP, City Manager  
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Green Power Purchase Agreement
2. Presentation