



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: MAY 18, 2021**

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

SUBJECT: ELECTRIC SERVICE AGREEMENT WITH THE UNIVERSITY OF CALIFORNIA, RIVERSIDE FOR THE PERIOD OF THREE YEARS WITH THREE OPTIONAL ONE-YEAR EXTENSIONS

ISSUE:

Approve an Electric Service Agreement between the City of Riverside and the University of California Riverside for the period of three years including three optional one-year extensions.

RECOMMENDATIONS:

That the City Council:

1. Approve an Electric Service Agreement between the City of Riverside and the University of California, Riverside to provide electric services as stipulated in the Agreement for the period of three years with three optional one-year extensions; and
2. Authorize the City Manager, or designee, to execute the Agreement with UCR including making minor and non-substantive changes.

BOARD RECOMMENDATION:

On December 22, 2020, the Board of Public Utilities voted unanimously to approve an Electric Service Agreement between the City of Riverside and the University of California Riverside for the period of three years including three optional one-year extensions.

BACKGROUND:

In 1998, the City of Riverside entered into a Strategic Energy Agreement for electric services with the University of California, Riverside (UCR). It has since been amended several times and expired on October 31, 2019. In previous agreements, various aspects of electric service to UCR were covered, to include agreements on rates, substation ownership and cost sharing, UCR's distribution systems, and operation of the thermal energy storage at the campus. As laws in the utility arena have changed regarding rate incentives, the rate component of these agreements was removed and UCR's rates were transitioned to the published rates for other businesses and

institutions. In addition, the ownership of the substation has been removed to be addressed in a separate agreement through electric operations group. The previous and current service agreements focus on public benefits incentives to promote energy efficiency and sustainability at the campus, and coordination and cooperation between UCR and Riverside Public Utilities (RPU) to reach their efficiency and sustainability goals and promote our partnership in working together.

Staff recommends approval of a new, three-year Electric Service Agreement between UCR and the City of Riverside. This Agreement mirrors the previous agreement in focusing on opportunities for energy efficiency and sustainability projects and programs benefiting both UCR and RPU.

DISCUSSION:

UCR is RPU's largest customer, accounting for roughly 5% of the total energy used within the service territory. UCR is unique among RPU's electric customers in that the energy delivery for most of the main campus area is delivered at a substation that is almost exclusively utilized by UCR. UCR then delivers this electricity through a university owned, operated and maintained internal electric distribution system on the main campus. Their internal distribution system allows UCR to save on electricity costs associated with RPU's distribution system that a typical customer would use whether they were a residential or commercial/industrial customer.

This new three-year Agreement has been developed to assist UCR in meeting its campus sustainability goals. The Office of the University of California (UC) President has adopted an aggressive goal for climate neutrality. All UC campuses must have net zero climate impacts from greenhouse gas (GHG) emissions by 2025. To achieve this, UCR is working towards net-zero GHG emissions through both energy efficiency and renewable power projects. This Agreement addresses the energy efficiency portion of this goal, while RPU's Resources, Operations, Settlements, and Analytics group will continue to work closely with UCR on the renewable energy portion of that goal.

There are a substantial number of older facilities on campus targeted for energy efficiency retrofit projects with significant potential to reduce electricity consumption. Energy efficiency projects will help UCR achieve their goals to reduced emissions because by reducing energy consumption they reduce the greenhouse gas emissions associated with the generation and transmission of electricity. Furthermore, because UCR represents the largest single user of electricity in the City, it has the potential to be the largest contributor towards energy savings mandates that RPU seeks to achieve annually.

As such, the Agreement includes provisions for energy reduction through projects which specifically reduce energy usage on campus through energy efficiency retrofits, and the use of newer, more efficient construction practices. UCR will participate in the standard rebate incentive programs available to all RPU commercial customers that are funded by the RPU Public Benefit Charge. However, to enable UCR to implement larger scale projects in a cost-effective manner proportional to other large industrial customers who consume a fraction of UCR's electric load, the Agreement proposes to increase program caps of those rebates from the standard of \$150,000 per program, per year to \$750,000 per Agreement year total.

Additionally, RPU will facilitate technical assistance for energy efficiency planning up to the amount of \$100,000 per contract year. This technical assistance will help in identifying and quantifying energy efficient projects through RPU's KEEP (Key Account Energy Efficiency Program) program, which provides audits and support services, this service is available to all our large industrial customers.

The term of the Agreement is three years, with three optional one-year extensions. Either party may exercise the optional one-year extensions by providing written notice of intent to extend the term within 90 days of the expiration of the term.

FISCAL IMPACT:

Sufficient funds are included in Public Benefit Fund Program budget for FY 2020/21 to cover the cost associated with energy efficiency rebates. Subsequent year(s) will be budgeted as part of the budget process.

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: Kristi J. Smith, Interim City Attorney

Attachments:

1. Electric Service Agreement with University of California
2. Board Meeting Minutes
3. Presentation