



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL      DATE: SEPTEMBER 21, 2021**

**FROM: PUBLIC UTILITIES DEPARTMENT      WARDS: ALL**

**SUBJECT: NET ENERGY METERING INTERCONNECTION AGREEMENT FOR  
RENEWABLE ELECTRIC GENERATION FACILITIES AND \$100,000 REBATE  
FOR PHOTOVOLTAIC SYSTEM FOR CALIFORNIA AIR RESOURCES BOARD**

## **ISSUE:**

Approve a Net Energy Metering Agreement to allow the California Air Resources Board Southern California Headquarters facility to interconnect 3.75 megawatt, and up to 5.0 megawatt, of photovoltaic systems with the RPU grid and to authorize a rebate of \$100,000 to the California Air Resources Board for the installation of a photovoltaic system.

## **RECOMMENDATIONS:**

That the City Council

1. Approve the Net Energy Metering Agreement with the California Air Resources Board for the interconnection at the Southern California Headquarters facility of 3.75 megawatts of photovoltaic systems with the RPU grid;
2. Authorize the City Manager, or his designee, to execute a future amendment to the Net Energy Metering Agreement with the California Air Resources Board to increase that interconnection to a maximum of 5.0 megawatts to the RPU grid;
3. Approve the payment of \$100,000 rebate to the California Air Resources Board for the installation of a photovoltaic system at the Southern California Headquarters facility under RPU's solar rebate program, from the Electric Public Benefits Fund, Photovoltaic Incentives Program account, as reserved at the time of their commitment to relocate to Riverside; and
4. Authorize the City Manager, or designee, to execute the Net Energy Metering Agreement and all documents necessary to administer the Agreement including the ability to add the final utility account numbers to the agreement and to make non-substantive changes.

## **BOARD RECOMMENDATION:**

This report is published on September 9, 2021, for the September 21, 2021, City Council meeting.

On September 13, 2021, the Board of Public Utilities will hear this item for consideration to recommend to the City Council for approval. If the Board approves to forward this to City Council, staff respectfully requests that the City Council consider the item at their September 21, 2021 City Council meeting.

## **BACKGROUND:**

In March 2016 the California Air Resources Board (ARB) 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, ARB 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.

ARB’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 zero net energy per the State’s requirements for new buildings (Governor’s Executive Order B-18-12 regarding energy and resource conservation in state buildings). To achieve zero net energy for their electricity usage, ARB designed their facility to include:

1. The operation of an initial 3.75 megawatts (MW) of direct current on-site solar photovoltaic (PV) systems with a maximum of 5.0 MW of on-site solar combined with a 0.5 MW / 1.2 MWh battery energy storage system, and
2. The purchase of 100% renewable energy from Riverside Public Utilities (RPU) for all the facility’s remaining net-energy needs.

On April 26, 2021, the RPU Board recommended that the City Council approve a 20-year agreement for the ARB to purchase 100% renewable electricity under the 100% Renewable Energy Tariff rate of \$0.0179/kWh above their otherwise applicable tariff rate. The City Council approved this agreement on May 25, 2021. It was necessary for ARB to have the agreement in place to meet their state requirements to have a 20-year agreement when any state agency procures renewable energy to meet their carbon-neutrality requirements.

To accommodate the PV system under RPU’s current rules, ARB is required to enter into a Net Energy Metering (NEM) Agreement. This report seeks approval of an NEM agreement between ARB and the to accommodate their PV generation that supports their carbon neutrality requirements.

## **DISCUSSION:**

In 2017, RPU staff reviewed the preliminary design of ARB’s proposed PV system and determined

that RPU would be able to accommodate the interconnection of up to 5 MW of PV at the ARB facility location as a component for meeting the new facility's carbon-neutral energy needs and requirements. The premise for allowing up to 5.0 MW of PV interconnection at a time when RPU's Net Energy Metering (NEM) rules only allowed for 1 MW was that RPU would be implementing the second phase of NEM rules by the time the ARB facility was constructed which was planned to include a standard 5 MW connection agreement. The second phase of the NEM rules was discussed at the RPU Board's Customer Relations/Finance Committee on August 16, 2021; however, the new NEM rules have not yet been approved. Therefore, approval of this NEM agreement is necessary at this time in order for the CARB facility to commence operation.

The attached NEM agreement must be approved by the RPU Board and City Council to allow ARB to complete their interconnection of the initial 3.75 MW of PV at their facility. As it is anticipated that the ARB facility will ultimately build up to 5.0 MW of PV at the site, staff is recommending that the Board pre-approve a future amendment to this agreement to allow up to the maximum of 5.0 MW.

Additionally, at the time of ARB's commitment to relocate their emissions testing facility to Riverside, RPU had a solar PV rebate program for the installation of customer sited solar PV systems. As such, a \$100,000 rebate for the installation of the PV system was reserved for ARB with the intent that it would be distributed upon completion and interconnection of the system. The reservation of funds for a future rebate was allowable while the program was active. ARB is the last customer with a reserved rebate as it has taken a about five (5) years to construct their facility. Because the solar PV rebate program has officially ended, staff is seeking the Board recommendation and Council's approval to release the reserved rebate payment to ARB.

### **STRATEGIC PLAN ALIGNMENT:**

This item contributes to Strategic Priority No. 4 Environmental Stewardship and supports the following:

**Goal No. 4.1** - Rapidly decrease Riverside's carbon footprint by acting urgently to reach a zero-carbon electric grid with the goal of reaching 100% renewable energy production by 2040 while continuing to ensure safe, reliable, and affordable energy for all residents.

**Goal No. 4.6** – Implement the requisite measures to achieve citywide carbon neutrality no later than 2040.

This item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – This item demonstrates the City's ability to support all customers as they seek to achieve their sustainability goals which results in greater public good.
2. **Equity** – RPU provides equitable opportunities for all customers to become more sustainable which benefits the entire community, while helping ARB meet their state mandates.
3. **Fiscal Responsibility** – RPU ensured that this project would not impact other customers and did not negatively impact the electric infrastructure ensuring prudent use of public resources.

4. **Innovation** – This item supports innovative building design because the ARB headquarters is the largest net-zero building developed to date in Riverside. Further, it supports the integration of this type of building into the electric grid and demonstrates RPU's ability to accommodate new, cutting edge development.
5. **Sustainability & Resiliency** – This item supports new construction minimizing greenhouse gas emissions and is designed to utilize renewable electricity generation.

**FISCAL IMPACT:**

The total fiscal impact of this action is \$100,000. Funds are budgeted and available in Electric Public Benefits Fund, Photovoltaic Incentives-NR Expenditure Account No. 6020100-456064.

Prepared by: Todd M. Corbin, Utilities General Manager  
Certifies availability  
of funds: Edward Enriquez, Chief Financial Officer/City Treasurer  
Approved by: Al Zelinka, FAICP, City Manager  
Approved as to form: Phaedra A. Norton, City Attorney

**Attachments:**

1. September 13, 2021 Public Utilities Board Staff Report
2. ARB Net Energy Metering Agreement
3. Presentation