



## RENEWABLE POWER PURCHASE AND SALE AGREEMENT WITH SUNZIA WIND POWERCO LLC FOR THE PATTERN WIND-POWERED ELECTRICITY GENERATING FACILITY

Public Utilities Department

City Council  
November 7, 2023

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## LEGISLATIVE HISTORY

- 1. SB X1-2 adopted by CA Legislature in 2011**
  - Mandated a 20% RPS by 2013, 25% by 2016, 33% by 2020
- 2. SB 350 adopted by CA Legislature in 2015**
  - Mandated a 50% RPS by 2030
- 3. SB 100 adopted by CA Legislature in 2018**
  - Raised the 2030 RPS target to 60%
  - Set new targets of 44% RPS by 2024, 52% by 2027, 60% by 2030
  - Established policy to achieve 100% clean energy by 2045

*Note: Envision Riverside 2025 Strategic Plan accelerated Riverside's 100% clean energy goal to 2040*



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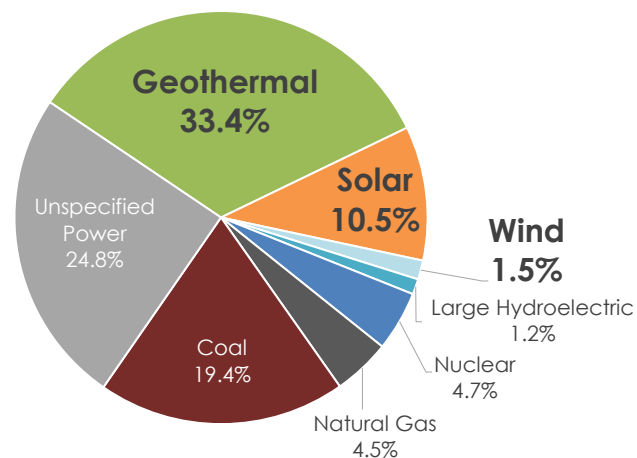
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## RIVERSIDE'S 2022 POWER MIX BY SOURCE

### Renewable Energy Resources

1. Provide **45.4%** of retail sales
2. Approximately 950,000 MWh/year
3. Since 2012 - RPU has contracted for 12 renewable energy resources
  - a. 11 of these are currently on-line
4. Resources include:
  - a. 2 Geothermal portfolios
  - b. 2 Wind resources
  - c. 7 Solar PV resources



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## BACKGROUND

1. Early 2021 - staff identified a future, out-of-state wind project proposal
2. Supply Riverside with enough additional cost-effective renewable energy to exceed its 60% RPS by 2030 mandate three years early
3. Qualifies as a Portfolio Content Category 1 (PCC-1) renewable resource
  - a. Dynamically scheduled into the CAISO beginning in April 2026
4. Agreement Terms for 369,000 to 390,000 MWh/year of long-term PCC-1



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# SUNZIA WIND AND TRANSMISSION OVERVIEW

## Wind

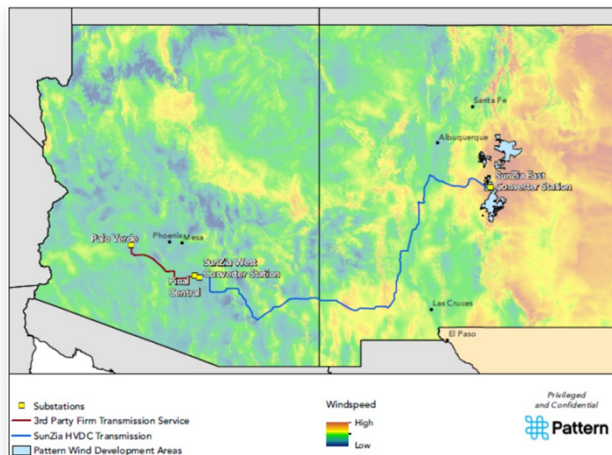
- ~3,400 MW
- ~44.5% NCF
- 100% PTC qualified
- RPS PCC1 (dynamically scheduled)

## Transmission

- 3,000 MW, 525kV DC line, ~550 miles
- Physical delivery:
  - Pinal Central (SRP, TEP, WAPA)
- Long Term Firm transmission to CA
  - Palo Verde

## Jointly Financed and Constructed

- NTP: 1H 2023
- COD: 2H 2025



## Overview of PPSA

- RPU Contract Capacity: 125 MW
- Target COD: March 31, 2026
- Delivery Point: Palo Verde
- Delivery Method: Dynamic
- Delivered Energy: 369,000 to 390,000 MWh/year



# PPSA TERMS

- 1. Expected Commercial Operation Date (COD): 3/31/2026**
  - a. Guaranteed COD: 9/30/2026 - Damages if date missed
  - b. Outside COD: 3/31/2027 - Termination right if date missed
- 2. Contract Price: \$59.50/MWh, fixed for 15 years**
- 3. Performance Guarantees:**
  - a. Enforceable guarantees for the delivery of energy, capacity, and environmental attributes.
  - b. Penalties that result in financial payments, or in more severe cases, the right to terminate.



## PPSA TERMS

1. **Development Security:** \$11,250,000
2. **Performance Security:** \$13,125,000
3. **Compliance Expenditure Cap:** \$1.25M annually with a total of \$3.125M for the duration of the agreement.
4. **Resource Adequacy Guarantee:**
  - a. Provides RA benefits throughout the term of the agreement.
  - b. Failure to deliver RA benefits could result in the payment of liquidated damages.

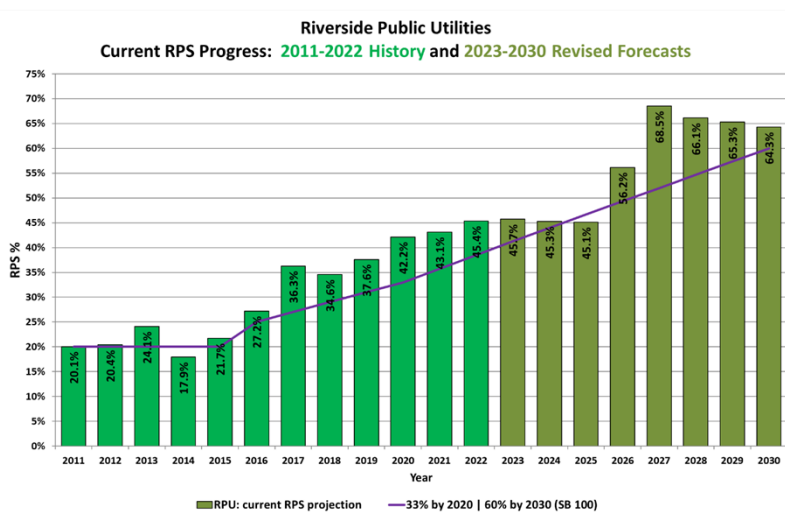


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## RENEWABLE PORTFOLIO STANDARD



### RPS Outcome:

1. PCC-1 Renewable Resource
2. Additional 369,000 to 390,000 MWh/year
3. RPU exceeds the 60% RPS by 2030 mandate 3 years ahead of schedule



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## SUSTAINABILITY OUTCOMES

1. **GHG Outcome:** Riverside will reduce its carbon footprint by approximately 158,000 to 167,000 metric tons per year
2. **Sustainability Outcome:** This proposed PPSA directly contributes to Strategic Priority 4, Environmental Stewardship Goals 4.1 and 4.6 under the ***Envision Riverside 2025 Strategic Plan***
3. Additionally, both Pattern and SunZia have committed substantial resources to a diverse range of sustainability efforts throughout New Mexico and Arizona



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## POTENTIAL FUTURE PROJECT BIFURCATION

1. **SunZia Wind Project may need to be bifurcated into two separate projects**
  - a. Due to overall project size
2. **Language in the proposed PPSA addresses this issue in detail**
  - a. Preserves all the current rights and benefits for the City of Riverside, should bifurcation occur
  - b. In the event of a bifurcation, this PPSA will be replaced by two separate PPSAs that maintain the same rights, terms & conditions



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## STRATEGIC PLAN ALIGNMENT



### Priority 4 - Environmental Stewardship

**Goal 4.1:** Rapidly decrease Riverside's carbon footprint by acting urgently to reach a zero-carbon electric grid with the goal of reaching 100% zero-carbon electricity production by 2040 while continuing to ensure safe, reliable, and affordable energy for all residents.

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

#### Cross-Cutting Threads



Community Trust



Equity



Fiscal Responsibility



Innovation



Sustainability & Resiliency



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## RECOMMENDATIONS

That the Riverside City Council:

1. Approve the Renewable Power Purchase and Sale Agreement with SunZia Wind PowerCo LLC for 125 Megawatts from the Pattern wind-powered electricity generating facility for a term of fifteen years and an estimated average annual cost of \$22,000,000 to \$23,220,000;
2. Authorize the City Manager, or designee, to execute the Renewable Power Purchase and Sale Agreement and all documents necessary to administer the Agreement including the ability to make non substantive changes, as well as to execute reasonable and customary consent to collateral assignments, future amendments to the Renewable Power Purchase and Sale Agreement under terms and conditions substantially similar or superior to the Renewable Power Purchase and Sale Agreement or, if needed, to terminate the Renewable Power Purchase and Sale Agreement in accordance with Agreement terms and conditions;
3. Authorize the City Manager, or designee, to execute any agreements related to the Project Bifurcation under terms and conditions substantially similar or superior to the Renewable Power Purchase and Sale Agreement.



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