



## BOARD ACTION

**TO:** Governing Board

**FROM:** Management

**DATE:** September 22, 2023

**SUBJECT:** Consideration to Direct Staff to Submit an Application to San Diego Gas & Electric for a System Impact and Interconnection Study, and Prepare a CEQA Document for the Floating Solar Project.

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### **SUMMARY**

At its June 28, 2023 meeting, the Board approved a term sheet with Noria Energy to begin planning and preliminary design of a potential floating solar project. The preliminary findings from Noria Energy identify a solar array with an approximate area of 10.5 acres with a generating capacity of 3.75 MW (AC) or 5.31 MW (DC). This solar array would offset approximately 66 percent of the electricity used by the Authority.

### **San Diego Gas & Electric (SDG&E)**

In order to continue with the preliminary design of this project, staff identified the need to engage SDG&E to begin the Renewable Energy Self-Generation Bill Credit Transfer (RES-BCT) tariff application, which allows an entity to generate renewable energy at a particular location and offset the electricity demands from 50 accounts within the entity's service area. This process requires an application fee of \$800, a deposit for \$10,000 for a system impact study, and \$15,000 for an interconnection facilities study. A total of \$25,800 needs to be submitted to SDG&E with the application. The approval process by SDG&E is expected to take approximately 8 months.

### **California Environmental Quality Act (CEQA)**

In order to initiate the CEQA compliance process, staff requested a proposal from its environmental on-call consultant, WSP USA Environment and Infrastructure (WSP). The proposal considers preparation of an Initial Study/Mitigated Negative declaration.

Memo to: Governing Board

Subject: Consideration to Direct Staff to Submit an Application to San Diego Gas & Electric for a System Impact and Interconnection Study and Prepare a CEQA Document for the Floating Solar Project

September 22, 2023

Page 2 of 4

| <b>TABLE 1.<br/>WSP PROPOSAL – TASKS AND COSTS</b>                      |                 |   |
|---|-----------------|---|
| <b>Task</b>   | <b>Cost</b>     | <b>Required / Optional</b>                    |
| <b>Task 1 – Preparation of CEQA Document</b>                            |                 | -   |
| Task 1.1 Preparation of Initial Study                                   | \$19,100        | Required                                      |
| Task 1.2 Completion of Mitigated Negative Declaration                   | \$10,100        | Required                                      |
| Task 1.3 Public Noticing, Circulation, and Filing of Associated Notices | \$7,300         | <b>Optional - On hold; do not approve</b>     |
| Task 1.4 Presentation of Materials                                      | \$5,100         | Required                                      |
| <b>Task 2 – Preparation of Supporting Technical Studies</b>             |                 | -   |
| Task 2.1 Biological and Aquatic Resources Technical Assessments         | \$8,800         | Required                                      |
| Task 2.2 Cultural Resources Technical Assessment                        | \$8,200         | Required                                      |
| Task 2.3 Aesthetics and Visual Resources Technical Assessment           | \$10,900        | Required                                      |
| Task 2.4 Water Quality Evaluation                                       | \$5,200         | Required                                      |
| <b>Task 3 – Estimated Mitigation Cost Memorandum</b>                    | \$4,600         | Optional – Approve                            |
| <b>Task 4 – Permitting Support</b>                                      | \$11,800        | <b>Optional – On hold; do not approve</b>     |
|   |                 |   |
| WSP Proposal Grant Total  | \$91,100        |   |
| <b>Recommended Approval Total</b>                                       | <b>\$72,000</b> | <b>Note: Does not include Tasks 1.3 or 4.</b> |

In its proposal, WSP assumes the IS/MND could be completed within 7 to 8 months of receipt of a Notice to Proceed, which is an acceptable timeline. Milestones for project tracking include the following:

- Completion of a draft project description (15-30 days after kick off meeting);
- Preparation of technical documents (30 days after background data is provided)
- Public draft IS/MND (approximately two to three months after technical documents drafts are completed);
- Final IS/MND (one month after the 30-day public review period).

Certain educated assumptions were made during the preparation of the scope of the proposal, including preparing a budget for a CEQA IS/MND document instead of an

Memo to: Governing Board

Subject: Consideration to Direct Staff to Submit an Application to San Diego Gas & Electric for a System Impact and Interconnection Study and Prepare a CEQA Document for the Floating Solar Project

September 22, 2023

Page 3 of 4

Environmental Impact Report, as well as not having biological or cultural field surveys for the project given already-available information for areas around the proposed project site. Considering these assumptions, Authority staff reviewed the proposal and found it to be complete. However, given the uncertainties for the permitting phase of the proposed floating solar project at Sweetwater Reservoir, which is innovative in nature, and current regulatory changes to the Federal Clean Water Act, staff requested WSP to make the permitting task (Task 4) an optional task for now. Staff recommends not to approve Task 4 until the project environmental process is more advanced and additional regulatory information and feedback is available. Staff's current recommendation is for completion of CEQA documentation and completion of Optional Task 3 for a total amount of \$72,000

As a part of this CEQA process, the project scope and materials will be specified. Any materials used in the solar array will require the National Sanitation Foundation's standards 61 (NSF61) certification. This certification signals that a product is safe to be installed in a potable water system for public use or consumption and is verified by a third party. In addition, potential benefits and impacts will be evaluated. Regulatory approvals from the Division of Drinking Water (DDW) will be outlined and the public will have the opportunity to express their opinion on the proposed project.

### **PAST BOARD ACTION**

June 28, 2023

The Board approved the term sheet with Noria Energy, establishing the conditions to pursue a floating solar project at Sweetwater

### **FISCAL IMPACT**

The \$25,800 and the \$72,000 requested are available in the Consulting budget (10-10-100-5650).

### **POLICY / STRATEGIC PLAN**

Strategic Plan Goal 7: Environmental Stewardship – Provide core services while maintaining a balanced approach to human and environmental needs.

- Objective ES2: Develop strategies to achieve carbon neutrality
  - 001.00 Explore installation of floating solar panels at Sweetwater Reservoir in conjunction with the installation of an Aeration/De-stratification system.

Strategic Plan Goal 3: Financial Viability – Ensure long-term financial viability of the agency through best practices, operational efficiency, and maximizing assets.

- Objective FV6: Explore innovative opportunities for leveraging Authority assets (e.g. reservoirs, property) to reduce financial burden on Authority ratepayers.

Memo to: Governing Board

Subject: Consideration to Direct Staff to Submit an Application to San Diego Gas & Electric for a System Impact and Interconnection Study and Prepare a CEQA Document for the Floating Solar Project

September 22, 2023

Page 4 of 4

### **ALTERNATIVES**

1. Direct staff to submit an application to SDG&E for a System Impact and Interconnection Study and Execute an Agreement with WSP USA Environment and Infrastructure (WSP) to prepare an Initial Study and Mitigated Negative Declaration in an amount not-to-exceed \$72,000.
2. Other direction as determined by the Governing Board.

### **RECOMMENDATION**

Staff recommends that the Governing Board direct Staff to submit an application to SDG&E for a System Impact and Interconnection Study and Execute an Agreement with WSP USA Environment and Infrastructure (WSP) to prepare an Initial Study and Mitigated Negative Declaration in an amount not-to-exceed \$72,000.

### **ATTACHMENT**

WSP USA Environment and Infrastructure Proposal