

SWEETWATER AUTHORITY

Governing Board

December 14, 2024



Consideration to Reject Noria Energy's Proposals and Direct Staff to Issue a Request for Qualifications for a Renewable Energy Manager

RECOMMENDATION

Staff recommends that the Governing Board reject Noria Energy's proposals and direct staff to issue a Request for Qualifications for a Renewable Energy Manager.

OVERVIEW

The Authority and Noria Energy (Noria) signed a Term Sheet on July 5, 2023, allowing Noria an 18-month exclusivity period, along with other responsibilities by each one of the parties. A copy of the term sheet is provided as Attachment 1.

Noria's role was to support project development, including design, to facilitate the permitting and environmental review process. Unfortunately, Noria did not provide three key elements required for the CA Division of Drinking Water (DDW) approval:

- 1) A complete set of design and specifications
- 2) NSF-61 certification on all proposed project components
- 3) An Operations and Maintenance (O&M) plan.

The Term Sheet with Noria expires on January 4, 2025, and the Authority will no longer be able to rely on Noria to facilitate the pending items. Noria has indicated that they are willing to continue as partners but expect compensation if they are to continue to provide project support. Noria provided two options for the Authority's consideration:

Option 1: The Authority and Noria will amend the existing term sheet and extend exclusivity by an additional eighteen (18) months. In addition, the Authority commits to beginning Power Purchase Agreement (PPA) negotiations immediately after receiving board approval and executing the term sheet amendment. Both parties will negotiate in good faith and can extend exclusivity beyond the eighteen months to continue negotiations if required. Once a PPA between both parties is successfully executed, Noria will lead all development activities, including permitting and engineering, at no cost to the Authority. The Floating Photovoltaics (FPV) system will not begin construction until all necessary permits are obtained. However, if both parties are not able to come to an agreement on PPA terms, Noria will be paid in the amount of \$250,000.

Option 2: Noria and the Authority will negotiate a new term sheet for a development services agreement that includes an additional three (3) years of exclusivity and a new scope of work with milestone payments associated with future development tasks. In this option, the Authority will not be required to negotiate a PPA with Noria. Additional tasks for the new scope of work can include the following for \$325,000:

- Prepare preliminary Operation and Maintenance (O&M) plan to be submitted to CA DDW
- Prepare and manage permitting with CA DDW
- Advance Engineering Plans to 60 percent
- Manage SDG&E Design Upgrade

Instead of continuing to rely on Noria, the Authority would issue a Request for Qualifications to hire an energy renewable manager/consultant to continue the permitting process for the floating solar project and also to evaluate other renewable options to supplement the renewable energy portfolio for the Authority. Other options could include land-based solar panels, an increase in the size of the floating solar array to potentially provide energy to the San Diego Community Solar, etc. Any options developed by the Renewable Energy Manager would be presented to the Board at a future meeting.

Additionally, the Renewable Energy Manager would have public outreach responsibilities to ensure that any options developed are properly presented and shared with the community.

FISCAL IMPACT

Since a Request for Qualifications is expected, there are no exact costs at this point. The exact amount will be determined once a scope of work is negotiated with the selected firm. Any funds for this effort would be covered by the Consultant line item of the current FY 2024-25 Budget.

OPTIONS

1. Direct staff to reject Noria Energy's proposals and issue a Request for Qualifications to select a Renewable Energy Manager
2. Other direction as determined by the Governing Board

Staff Contact:

Carlos Quintero, General Manager

SUPPORTING INFORMATION

Attachment

Sweetwater Authority/Noria Energy Term Sheet

Strategic Plan

- Strategic Plan Goal No. 7 Environmental Stewardship
 - Objective ES2 – Develop Strategies to Achieve Carbon Neutrality

Past Board Actions

September 27, 2023	The Governing Board Approved Submitting and Application to SDGE for an Interconnection Study and to Prepare a CEQA Document for the Floating Solar Project.
June 28, 2023	The Governing Board Approved the Term Sheet between Sweetwater Authority and Noria Energy