

**MOTION BY SUPERVISORS MARK RIDLEY-THOMAS
AND KATHRYN BARGER**

August 13, 2019

**Reducing Utility Costs and Improving Energy Efficiency by Proceeding with
Power Purchase Agreements and Energy Service Agreements for County
Buildings**

Los Angeles County’s (County) electrical utility expenses totaled approximately \$250 million in Fiscal Year 2018-2019 and are expected to increase by approximately 8% during Fiscal Year 2019-2020. These rising costs reflect lost opportunities to deepen the County’s investment in energy efficiency improvements and renewable energy projects which serve County facilities. To address this, the Sustainability Plan recently adopted by the County calls for increased use of solar energy as well as achieving high Energy Star ratings on County buildings.

In an effort to further reduce the greenhouse gases created by County facilities and explore opportunities for cost-effective energy-related investments, on April 2, 2019 the Board of Supervisors instructed the Director of the Internal Services Department (ISD), in consultation with the Chief Sustainability Officer (CSO), to report back on opportunities for the County to expand its investments in renewable energy and improve the energy efficiency of existing buildings through Public-Private Partnerships.

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The report included:

1. A comprehensive strategy that identified pros and cons of various public and private partnership structures for the County to execute energy efficiency and renewable energy improvements;
2. An action plan to develop a solicitation for qualified companies to perform and finance energy efficiency and renewable energy improvements on County facilities; and
3. An estimation of the energy savings potential of County facilities.

In the report, the CSO and Director of ISD provided an analysis on potential mechanisms for achieving the goal of improving energy efficiency and expanding the renewable energy infrastructure. The report recommended scaling up the use of Power Purchase Agreements (PPAs) in order to increase the utilization of renewable energy and energy storage on County facilities, and moreover, encouraged the development of Energy Service Agreements (ESAs) to facilitate energy efficiency projects.

PPAs offer the County guaranteed renewable energy generation costs that are lower than current and expected future energy provided by local utilities. The County is currently involved with four PPAs, at ISD's headquarters, the Department of Public Works' headquarters, the Registrar Recorder/County Clerk's headquarters, and the Martin Luther King, Jr. Medical Campus, which collectively will generate 4.5 megawatts of solar energy and is projected to save the County approximately \$12 million over the lifetime of the 25-year contracts. The report recommends expanding upon the County's success with the PPA model, estimating the opportunity for additional solar energy and energy storage PPAs to be valued at approximately \$250 million across the County which is projected to provide the County approximately \$139 million in net savings over the potential 20-year period of the contracts.

ESA financing is based upon projected energy savings instead of energy generation, and is structured to yield a low-risk, positive net present value without the

need for up-front capital investment. ISD anticipates opportunities to invest approximately \$50 million in energy efficiency-related improvements on projects not planned as part of the County's Facilities Reinvestment Program, which could provide a net savings of \$11 million over a potential 20-year lifetime.

An important element of this initiative must be to ensure that there is a meaningful workforce development strategy incorporated into the project delivery model that includes worker training, local-hire, sustainable wages, and other worker protections.

ISD estimates that the proposed combination of renewable energy and energy efficiency opportunities across major County facilities could save the County over \$150 million over the lifetime of the projects. Solicitations for solar energy and energy storage PPAs should be released on a sizable portion of County assets to complete before the anticipated significant reduction of the Federal Investment Tax Credit, which is anticipated to occur in 2022.

One potential site is the Pitchess Detention Center Campus (Campus) located in Santa Clarita. In February 2019, ISD, in partnership with the Sheriff's Department, released a solicitation for concept papers for "Repower and Resilience Solutions" for the Campus, which suggest there are significant opportunities to create a minimum of 5 megawatts of solar energy and over 5 megawatts of energy storage. The findings can inform a solicitation for the Campus that ISD will be ready to release by January 2020 with an award anticipated by June 2020. Other large facilities can also be aggregated to create an additional solicitation or solicitations.

WE THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

Instruct the Director of the Internal Services Department, in coordination with the Chief Executive Officer, Chief Sustainability Officer, and County Counsel, to take the following actions, in order to increase renewable energy storage in Los Angeles County (County) buildings and energy efficiency:

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- 1) Partner with the Sheriff's Department to release a solicitation to supply solar energy and energy storage services at the Pitchess Detention Center by January 1, 2020;
- 2) Partner with County departments with larger facilities to bundle a portfolio of projects with the goal of releasing the solicitation by February 1, 2020;
- 3) Partner with County departments with larger facilities to bundle a portfolio of energy efficiency improvements with the goal of releasing a solicitation by May 2020; and
- 4) Report back to the Board in writing on a bi-annual basis, with the first report due on November 1, 2019 with a summary of their progress.

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