

Mojave Water Agency

DATE: August 11, 2016

TO: Board of Directors

FROM: Kirby Brill, General Manager

BY: Darrell Reynolds, Director of Engineering

SUBJECT: CONSIDER APPLICATION FOR THE STATE OF CALIFORNIA ENERGY COMMISSION ELECTRIC PROGRAM INVESTMENT CHARGE (EPIC) PROGRAM GRANT FUND FOR THE DEEP CREEK HYDROELECTRIC PROJECT AND ADOPT RESOLUTION NO. 1024-16

RECOMMENDATION

Staff recommends the Board of Directors consider the adoption of the attached resolution and authorize the submittal of an application for the California Energy Commission Electric Program Investment Charge (EPIC) Program grant fund.

PREVIOUS CONSIDERATION BY COMMITTEE/BOARD OF DIRECTORS

Engineering & Operations Committee Meeting – February 10, 2009: The Committee discussed and recommended to the Board the authorize a feasibility study to RBF (prepared by R.W. Beck) for the Hydroelectric Project.

Board of Directors Meeting – February 26, 2009: The Board discussed and approved the authorization of a feasibility study to RBF (prepared by R.W. Beck) for the Hydroelectric Project.

Personnel, Finance & Security Committee Meeting – September 20, 2011: The Committee discussed and recommended to the Board the adoption of Resolution No. 938-11 regarding the intention to issue tax-exempt bonds for the Hydroelectric Project.

Board of Directors Meeting – October 13, 2011: The Board discussed and adopted Resolution No. 938-11 regarding the intention to issue tax-exempt bonds should the Agency move forward with construction of the Hydroelectric Project.

Board of Directors Meeting – November 8, 2011: The Board discussed and authorized additional services to SAIC (formerly R.W. Beck) for the SCE application phase of the Hydroelectric Project.

Engineering & Operations Committee Meeting – October 9, 2012: The Committee discussed the results of the SIS Report from SCE application and the next steps if the Agency was to move forward with the Hydroelectric Project. The Committee did not approve moving forward with the Project.

Engineering & Operations Committee Meeting – October 14, 2014: The Committee discussed changes to the law and other SCE requirements that will effect development of a hydroelectric project at Deep Creek. The professional services agreement with Nline

Energy to proceed with engineering services to support a new application to SCE for the Deep Creek Hydroelectric Project was discussed.

Board of Directors Meeting – November 6, 2014: The Board discussed the Deep Creek Hydroelectric Project and continued the item until the next Board meeting after the next Personnel, Finance & Security Committee Meeting to allow further discussion at the Committee.

Personnel, Finance & Security Meeting – November 18, 2014: The Committee discussed the Deep Creek Hydroelectric project revenue projections.

Board of Directors Meeting – December 11, 2014: The Board discussed the financial projections of a proposed hydroelectric turbine at Deep Creek. The Board approved a professional Services contract for NLine Energy to produce a 50% design and submit an interconnection Application with SCE.

Engineering & Operations Committee Meeting – July 12, 2016: The Committee reviewed the 50% design, cost estimates, SCE Interconnection cost, and financial projects while considering entering into Interconnection Agreements with SCE. The Committee discussed NLine Energy's Phase II additional engineering services contract for final design through Bid Award. The Committee recommended these to the Board for consideration.

Engineering & Operations Committee Meeting – August 9, 2016: The Committee reviewed the SCE Interconnection Agreement and Wholesale Distribution Service Agreement and the CEC EPIC Program Grant Application Resolution.

BACKGROUND AND ANALYSIS

Project Description: The Deep Creek Hydroelectric Project is located at the existing Flow Control Facility just south of the Central Operations Facility on Deep Creek Road in Apple Valley. The proposed hydroelectric project will be constructed as a 20 cfs, 0.82 MW, 2 nozzle horizontal pelton turbine with induction generator powerhouse facility just east of the existing 48" PRV vault. Maximum annual flow through the Turbine at 20 cfs is 14,500 AF. SCE interconnection facilities will be constructed to the site.

FISCAL IMPACT

The MWA 2016/17 budget includes \$3,800,000 this fiscal year with a total Project cost of \$4,028,621. This 2016/17 budget also includes a projection of \$1,500,000 in Grant funds for this project. This Grant Application is to be submitted for \$750,000. If Grant funds are not obtained then the \$1,500,000 projected to be Grant funded would come from MWA reserves.

ATTACHMENTS

Resolution No. 1024-16