



Council Agenda Report

From: Christopher Alakel, Utilities Director

Subject: Approval of Fifth Amendment to the Airport Solar Project Power Purchase Agreement

CEQA Determination: The City finds that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378.

Date: January 16, 2024

Facts

1. On December 29, 2015, the City entered into a Solar Power & Services Agreement (PPA) with SunEdison Government Solutions, LLC for the development and operation of solar photovoltaic farm to be located on various properties owned by the City, including the Paso Robles Airport.
2. Since then, the rights, title, interests, and obligations in the PPA have been assigned to Obsidian II West Coast Holding, LLC, a wholly owned subsidiary of Onyx Renewables Partners L.P.
3. On July 3, 2023, construction and installation of the solar panels officially began at the airport.
4. The PPA guaranteed a commercial operation date of 180 days from the start of construction, meaning electricity was to be generated no later than December 30, 2023.
5. As a result of supply chain shortages and scheduling delays with PG&E, Onyx Renewables was not able to meet this 180-day deadline and is requesting that the commercial operation date be changed to March 31, 2024.
6. Significant progress is being made to overcome supply chain challenges, construction is nearly completed, and commercial operation is likely to happen well before the requested schedule extension.

Staff issued a letter to Onyx Renewables on December 22, 2023, acknowledging that supply chain issues hindered compliance with the December 30, 2023, deadline.

Options

1. Take no action;
2. Approve and authorize the City Manager to sign the Fifth Amendment to the Airport Solar Project PPA extending commercial operation date to March 31, 2024;
3. Provide alternative direction to staff.

Analysis and Conclusions

The PPA currently states that guaranteed solar electricity would be produced no more than 180 days from the commencement of construction. Unfortunately, unforeseen supply chain shortages and scheduling delays with PG&E have caused delays in the project. To remedy this unforeseen circumstance, Onyx Renewables is requesting that the commercial operation date be changed to March 31, 2024. All other components of the PPA remain in force, with all parties will continue to initiate commercial operations at the earliest feasible date.

Fiscal Impact

There is no direct fiscal impact from this action; however, solar electricity generated from this site is expected to lower City operating electricity costs in the future.

CEQA

The City finds that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378.

Recommendation (Option x)

Approve and authorize the City Manager to sign the Fifth Amendment to the Airport Solar Project PPA extending commercial operation date to March 31, 2024.

Attachments

1. Resolution 24-XXX – Amendment No. 5 to the Airport Solar Power Purchase
2. Fifth Amendment for Airport Solar Project Power Purchase Agreement