



Legislation Text

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Resolution - Approval of Battery Energy Storage Solution Project and Contract - J Spaulding

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Department: Power Supply and Energy Services

Financial Impact and Cost/Benefit Considerations:

The total project cost to PEC with the TCEQ grant reimbursement will be \$1.8 MM. The Battery Energy Storage Solution (BESS) project will have a total project cost of \$3.3 MM that has been included in the PEC 2018 Business and Capital Investment Plan. The total project cost will be offset by a 50% cost reimbursement grant of up to \$1.5 MM that will be provided to PEC by the Texas Commission on Environmental Quality (TCEQ) under their grant already awarded to PEC.

The Battery Energy Storage Solution will hedge or fix the cost of ancillary service obligations with self-procured storage and will allow for energy usage shift to help avoid peak energy pricing. Texas Commission on Environmental Quality (TCEQ) has an established and proven grant program to assist Utilities in establishing these types of projects in exchange for providing annual data reports on system operations to the TCEQ to further assist in the education of other utilities within the state. TCEQ will provide up to \$1.5MM back to PEC when actual cost invoices are submitted with a deadline for all invoices to be submitted no later than May 2019. The project will be located on PEC substation property at the Johnson City substation located off of Hwy 281 north of the Pedernales River.

On February 20, 2017 the PEC board approved a resolution ("Approval to Accept Battery Energy Storage Grant from Texas Commission on Environmental Quality (TCEQ)") to accept energy storage grant from TCEQ for a 2MW, 4MWh Battery Energy Storage Solution with the TCEQ grant offsetting up to 50% of the equipment cost for the BESS not to exceed \$1.5MM.

PEC issued a request for proposal (RFP) August 28, 2017 and received ten compliant responses from qualified battery engineering, procurement and construction vendors (EPC). A comprehensive evaluation team was established to represent engineering, substation operations, solar operations and SCADA control under the PEC procurement policies.

PEC proposes to move forward with the BESS project and award of contract to the best evaluated bidder. The scope of work under the awarded contract will cover installing a turnkey BESS at PEC's Johnson City Substation, to include procurement, site clearing, electrical and civil work, assembly, commissioning, ERCOT testing, all O&M during the 5 year initial monitoring period required by TCEQ, 5 year warranty, training and integration with our SCADA operations.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC. that the Cooperative approve the Battery Energy Storage Solution (BESS) project and contract with vendor.

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Chief Executive Officer, or designee, is hereby authorized and directed to do any and all such other things, and take such other actions, as the Chief Executive Officer, or designee, deems necessary to implement this resolution.