

20. Approve an amendment to Agreement No. 30382 with ENGIE Services U.S. Inc. to modify terms related to Renewable Energy Credits and enable the County to retain Renewable Energy Certificates generated from solar projects at County facilities, effective October 22, 2024, at no additional cost to the County.



General Services Agency

COUNTY OF TULARE AGENDA ITEM

BOARD OF SUPERVISORS

LARRY MICARI
District One

PETE VANDER POEL
District Two

AMY SHUKLIAN
District Three

EDDIE VALERO
District Four

DENNIS TOWNSEND
District Five

AGENDA DATE: October 22, 2024 - REVISED

Public Hearing Required	N/A
Scheduled Public Hearing w/Clerk	N/A
Published Notice Required	N/A
Advertised Published Notice	N/A
Meet & Confer Required	N/A
Budget Transfer (Aud 308) attached	N/A
Personnel Resolution attached	N/A
Agreement(s) attached	Yes

CONTACT PERSON: Maria Benavides-Lopez PHONE: 559-205-1124

SUBJECT: Amendment to Agreement No 30382 with Engie Services U.S. Inc.
to retain Renewable Energy Credits

REQUEST(S):

That the Board of Supervisors:

1. Approve an amendment to Agreement No. 30382 with ENGIE Services U.S. Inc. to modify terms related to Renewable Energy Credits and enable the County to retain Renewable Energy Certificates generated from solar projects at County facilities, effective October 22, 2024, at no additional cost to the County.
2. Authorize the Chair to sign the amendment.

SUMMARY:

The Renewable Energy Credit (REC) program is an opportunity for the County to gain financial benefits from its renewable energy projects, such as solar installations, by earning and selling credits for the clean energy generated. RECs represent the environmental attributes of generating one megawatt-hour (MWh) of renewable energy generated. Every time the solar systems generate clean electricity, the County earns RECs.

The Western Renewable Energy Generation Information System (WREGIS) is an independent, renewable energy tracking system that monitors the creation and trading of Renewable Energy Certificates (RECs) in the Western United States, including California. WREGIS ensures accuracy and prevents double counting of renewable energy attributes, providing a reliable system for tracking RECs. To participate in renewable energy tracking, organizations must follow several key steps for registration and compliance with the WREGIS system. This is a complex process involving multiple steps, such as account creation, unit registration, data verification, and certificate issuance. These certificates are tradable and can be sold on the market. By registering and selling RECs, the County can both certify the solar energy produced at its facilities

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as renewable and generate additional revenue.

The County constructed solar systems in two phases at various sites. Phase one included solar installations at Civic Center West, Civic Center East, Bob Wiley Detention Facility (BWDF), Tulare Akers Professional Center (TAPC), South County Detention Facility (SCDF), Juvenile Detention Facility, and Government Plaza, Phase one RECs are County owned. Phase two solar installations were completed at the Visalia Health Center, Agricultural Commissioner's Office, Tulare Hillman Health Center, and Tulare Health & Human Services Agency (HHSA). The County does not currently own the RECs associated with the solar systems from phase two.

The General Services Agency (GSA) recommends maximizing the benefits of these projects by generating and selling its available renewable energy credits from these projects. The proposed amendment to Agreement No. 30382 with ENGIE Services U.S. Inc. (ENGIE) is essential to transfer ownership of RECs back to the County, as the original contract assigned the rights to RECs to ENGIE. This amendment will enable the County to fully benefit from its renewable energy assets. By reclaiming these credits, the County will secure both financial and long-term gains from its renewable energy infrastructure without modifying other contract terms.

To efficiently manage this program, REC oversight will be handled by ARC Alternatives (ARC), the County's independent energy consultant, under a separate agreement. ARC will be responsible for registering the County's solar systems through WREGIS and managing the sale of RECs over a five-year period. The partnership with ARC will support the County in maximizing its financial returns by effectively tracking and managing renewable energy assets and capitalizing on favorable market conditions. The sale of RECs will be strategically timed and executed through energy credit trading platforms or direct contracts with buyers aiming to meet their sustainability targets. Each quarterly payment will represent the total proceeds from all REC sales completed in the preceding quarter, less any transaction or service fees associated with the sales process.

Based on the County's renewable energy output, it is estimated that annual revenue from REC sales could reach approximately \$130,000, totaling up to \$650,000 over a five-year period. REC payouts will occur quarterly, contingent on the timing of credit sales and settlement terms.

Due to recent federal and state mandates requiring the County to transition to Zero-Emission Vehicles (ZEV), GSA recommends allocating the revenue from the RECs to the EV Infrastructure Investment unit within the 522 Future Construction Fund. These funds will support the expansion and improvement of ZEV infrastructure, including fleet charging stations, ensuring the County complies with these ZEV regulations. GSA will present a detailed plan to the Board at a later date to address the specific requirements of these regulations.

FISCAL IMPACT/FINANCING:

There is no Net County Cost to the General Fund.

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LINKAGE TO THE COUNTY OF TULARE STRATEGIC BUSINESS PLAN:

The County's Strategic Business Plan includes the Organizational Performance initiative to continuously improve the County's organizational effectiveness and fiscal stability. The recommended actions will advance this initiative as income from RECs helps improve the overall return on investment for renewable energy projects, making them more economically viable and sustainable in the long-term.

ADMINISTRATIVE SIGN-OFF:

/s/Kyle Taylor

Kyle Taylor
General Services Agency Deputy Director

Cc: County Administrative Office

Attachments: Amendment to Agreement No. 30382

BEFORE THE BOARD OF SUPERVISORS COUNTY OF TULARE, STATE OF CALIFORNIA

IN THE MATTER OF Amendment to)
Agreement No 30382 with Engie Services) Resolution No. 2024-0959
U.S. Inc. to retain Renewable Energy) Agreement No. 30382-A
Credits)
)

UPON MOTION OF SUPERVISOR SHUKLIAN, SECONDED BY SUPERVISOR VANDER POEL, THE FOLLOWING WAS ADOPTED BY THE BOARD OF SUPERVISORS, AT AN OFFICIAL MEETING HELD OCTOBER 22, 2024, BY THE FOLLOWING VOTE:

AYES: SUPERVISORS MICARI, VANDER POEL, SHUKLIAN, VALERO AND TOWNSEND
NOES: NONE
ABSTAIN: NONE
ABSENT: NONE



ATTEST: JASON T. BRITT
COUNTY ADMINISTRATIVE OFFICER/
CLERK, BOARD OF SUPERVISORS

BY: 
Deputy Clerk

* * * * *

1. Approved an amendment to Agreement No. 30382 with ENGIE Services U.S. Inc. to modify terms related to Renewable Energy Credits and enable the County to retain Renewable Energy Certificates generated from solar projects at County facilities, effective October 22, 2024, at no additional cost to the County.
2. Authorized the Chair to sign the amendment.

**FIRST AMENDMENT TO
ENERGY SERVICES CONTRACT
TULARE COUNTY AGREEMENT NO. 30382**

This First Amendment ("Amendment") to Energy Services Contract (Tulare County Agreement No. 30382 or the "Contract") is entered into as of October 22, 2024 by and between ENGIE Services U.S. Inc. ("ENGIE Services US") and County of Tulare ("County"), with reference to the following:

WHEREAS, ENGIE Services US and County entered into the Contract, Tulare County Agreement No. 30382, on October 5, 2021, which provided for the design and installation of solar Generating Facilities and other energy conservation measures; and

WHEREAS, on August 16, 2022, the Internal Revenue Code was revised to permit local governmental agencies to take advantage of certain tax credits not previously available to nonprofit entities, pursuant to section 13801(a) of Public Law 117-169, 136 Stat. 1818, 2003, commonly referred to as the Inflation Reduction Act of 2022 (IRA); and

WHEREAS, pursuant to the statutes and regulations adopted in conjunction with the IRA, local government agencies now qualify as "applicable entities" permitted to receive direct payments in lieu of renewable energy tax credits; and

WHEREAS, ENGIE Services US and County now wish to amend the Contract as set forth herein.

ACCORDINGLY, County and ENGIE Services US Agree as follows:

1. Article 13 of the Contract is hereby deleted in its entirety and the following new Article 13 is substituted therefore:

"County shall own all Renewable Energy Credits ("RECs") or other credits attributable to the production of electrical energy and avoided emissions from the Generating Facilities. ENGIE Services U.S. shall reasonably consult with County and shall provide any such information and/or services reasonably requested by County to confirm County's ownership of such credits. ENGIE Services U.S. shall not be responsible for compliance, certification, reporting or other requirements associated with the sale, ownership, rights, or certifications for these credits."
2. No Other Changes. Except as set forth in this Amendment, no other modifications are being made to the Contract and the Contract shall remain in full force and effect. Capitalized terms not defined herein shall have the meanings ascribed to them in the Contract.
3. Counterparts. This Amendment may be executed in multiple counterparts, and counterpart signature pages may be assembled to form a single, fully executed.

TULARE COUNTY AGREEMENT NO. 30382-A

Date 6/17/2024

ENGIE Services US Inc

DocuSigned by:

By *Courtney Jenkins*

C333BEFB0042485

Print Name Courtney JenkinsTitle Vice President and General Manager ^{DS}*CM*Date 6/17/2024

DocuSigned by:

By *Sarah Pearce*

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Print Name Sarah PearceTitle CFO, Treasurer and Secretary

[Pursuant to Corporations Code section 313, County policy requires that contracts with a Corporation be signed by both (1) the chairman of the Board of Directors, the president or any vice-president (or another officer having general, operational responsibilities), and (2) the secretary, any assistant secretary, the chief financial officer, or any assistant treasurer (or another officer having recordkeeping or financial responsibilities), unless the contract is accompanied by a certified copy of a resolution of the corporation's Board of Directors authorizing the execution of the contract. Similarly, pursuant to California Corporations Code section 17703.01, County policy requires that contracts with a Limited Liability Company be signed by at least two managers, unless the contract is accompanied by a certified copy of the articles of organization stating that the LLC is managed by only one manager.

COUNTY OF TULARE

Date 10/22/2024By *[Signature]*

Chair, Board of Supervisors

ATTEST: JASON T. BRITT

County Administrative Officer/Clerk of the Board
of Supervisors of the County of Tulare

By *[Signature]*

Deputy Clerk



Approved as to Form:

County Counsel

By *Patrick Beck*

Deputy

Matter # 2024657