



**Hidden Valley Lake Community Services District
Special Meeting
June 27, 2024 – 11:30 a.m.
19400 Hartmann Road, Hidden Valley Lake, CA.**

- 1) CALL TO ORDER
- 2) PLEDGE OF ALLEGIANCE
- 3) ROLL CALL
- 4) APPROVAL OF AGENDA
- 5) DISCUSSION AND POSSIBLE ACTION: Authorize the General Manager to submit the Microgrid Incentive Program grant application on behalf of the District
- 6) DISCUSSION AND POSSIBLE ACTION: Authorize the General Manger to extend the Trane Letter of Commitment agreement through 12/31/24
- 7) PUBLIC COMMENT
- 8) BOARD MEMBER COMMENT
- 9) ADJOURN

Public records are available upon request. Board Packets are posted on our website at www.hvlcsd.org/meetings . In compliance to the Americans with Disabilities Act, if you need special accommodations to participate in or attend the meeting, please contact the District Office at 987-9201 at least 48 hours prior to the scheduled meeting. Members of the public shall be given the opportunity to comment on each agenda item before the Governing Board acts on that item, G.C. 54953.3. All other comments will be taken under Public Comment.

**ACTION OF
HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT**

DATE: June 27, 2024

AGENDA ITEM: Authorize the GM to submit the Microgrid Incentive Program grant application on behalf of the District

RECOMMENDATIONS:

Authorize the GM to submit the Microgrid Incentive Program grant application on behalf of the District

FINANCIAL IMPACT:

Temporary impacts to District Water CIP fund

Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Total
1	2	3	4	5	6	
\$ 1,377,983.46	\$ 998,213.84	\$ 384,465.13	\$ 232,789.65	\$ 170,248.91	\$ 150,447.15	\$ 3,314,148.14

BACKGROUND:

The District has partnered with Trane in energy resilience since 2020. The original Letter of Commitment was fully executed in 2021. Firemain Linked Auxiliary Supply/Hydraulic Energy Storage (FLASHES) has been a project concept that has endured and adapted to the changing legislative and regulatory energy environment.

The closed-loop pumped hydro solution to energy resilience and wildfire protection has been met with accolades from local and regional stakeholders such as the South Lake County Fire Protection District, South Lake County FireSafe Council, and Sonoma Clean Power. Both residents and businesses have been encouraged to learn that this partnership is working to protect communities from further damage from wildfires and PSPS’.

Recent funding opportunities presented by PGE have proven to be a successful avenue for helping to bring the FLASHES project to fruition. The Community Microgrid Enablement Program (CMEP) has already awarded Trane/District with \$3M to help develop the project. The Microgrid Enablement Program (MIP) will provide Trane/District with an additional ~\$4M to finalize development and risk assessment. Trane has been hard at work on the MIP application, meeting with PGE representatives weekly to work out all the pertinent technical details. This application is due 6/28/24. While the MIP is

offering up to \$15M for projects over the course of a multi-year period of performance, Trane will be submitting an application for much less. Assisted by CMEP and MIP, the FLASHES project will be able to complete the developmental stages and be self-sustaining during construction, operation and maintenance. It is anticipated that a lower grant request will aid in the grant application's competitiveness.

The content of the MIP application will address a financial need for the costs that are incurred *prior* to construction. This means that these costs will be incurred soon after an award of funds is granted. Trane has developed a quarterly expenditure estimate to help the District plan for the award. This draft forecast includes the general timing of specific tasks, broken down by quarter. It is anticipated that the MIP funded portion of the FLASHES project will be complete within 18 months, or 6 quarters. These costs include CSD staff administrative time, permitting costs, CEQA and engineering costs, as well as the cost to the District for lost interest.

The MIP grant will cover 100% of the costs requested in the application, and is reimbursement based. Sequentially, this means that the District will pay invoices on the project for 3 months, then at the end of that quarter, will submit a reimbursement request for 100% of those costs. The District will be fully reimbursed for those costs, likely within the next 4 months.

As illustrated in the graphic above, if the MIP grant is awarded to the District, expenditures will most likely begin in the third quarter of 2025. Knowing the general date of when the grant will begin helps the planning effort. The graphic below provides a more detailed exploration of expenses and reimbursements of the District's Water Capital Improvement Plan (CIP) fund.

	Water CIP Balance	Q125	Q225	Q325	Q425	Q126	Q226	Q127	Q227
Expense:		\$ (1,377,983.46)	\$ (998,213.84)	\$ (384,465.13)	\$ (232,789.65)	\$ (170,248.91)	\$ (150,447.15)		
Reimbursement:				\$ 1,377,983.46	\$ 998,213.84	\$ 384,465.13	\$ 232,789.65	\$ 170,248.91	\$ 150,447.15
	\$ 3,000,000.00	\$ 1,622,016.54	\$ 623,802.70	\$ 1,617,321.03	\$ 2,382,745.22	\$ 2,596,961.44	\$ 2,679,303.94	\$ 2,849,552.85	\$ 3,000,000.00

** When calculating these costs, it is important to note that most of the District's current projects will be complete by the time this grant is awarded. These projects include Tank 9, Generators, WaterMains planning, and LHMP Update. Because these projects were funded by both the Revenue Bond and the Hazard Mitigation Grant Program, there is no permanent impact on the Water CIP fund.

Staff is excited to present to the Board of Directors what could be the deciding factor in the success of the FLASHES project. With these funds, and the ensuing efforts to eliminate risk in the project, the FLASHES project becomes more valuable than originally anticipated. With the cost of risk eliminated, the investor will get more of a return on their investment in the FLASHES project (far exceeding debt service). A more profitable project will mean more competition to become the investor. Staff requests the Board of Directors consider authorizing the General Manager to submit a MIP application on behalf of the District.

Encl: Cost Summary MIP

Cost Summary Microgrid Incentive Program

Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Total
1	2	3	4	5	6	
\$ 1,377,983.46	\$ 998,213.84	\$ 384,465.13	\$ 232,789.65	\$ 170,248.91	\$ 150,447.15	\$ 3,314,148.14

	Q1 25	Q2 25	Q3 25	Q4 25	Q1 26	Q2 26		
Water CIP								
Balance							Q1 27	Q2 27
Expense:	\$ (1,377,983.46)	\$ (998,213.84)	\$ (384,465.13)	\$ (232,789.65)	\$ (170,248.91)	\$ (150,447.15)		
Reimbursement:			\$ 1,377,983.46	\$ 998,213.84	\$ 384,465.13	\$ 232,789.65	\$ 170,248.91	\$ 150,447.15
\$ 3,000,000.00	\$ 1,622,016.54	\$ 623,802.70	\$ 1,617,321.03	\$ 2,382,745.22	\$ 2,596,961.44	\$ 2,679,303.94	\$ 2,849,552.85	\$ 3,000,000.00

	Q1	Q2	Q3	Q4	Q5	Q6		
Land	\$ 231,938.00						\$	231,938.00
FERC	\$ 122,050.00						\$	122,050.00
CEQA	\$ 47,556.90	\$ 31,704.60	\$ 158,523.00	\$ 47,556.90	\$ 15,852.30	\$ 15,852.30	\$	317,046.00
Interconnection	\$ 355,573.60	\$ 355,573.60	\$ 44,446.70	\$ 44,446.70	\$ 44,446.70	\$ 44,446.70	\$	888,934.00
Engineering	\$ 578,394.00	\$ 578,394.00	\$ 72,299.25	\$ 72,299.25	\$ 72,299.25	\$ 72,299.25	\$	1,445,985.00

	Q1	Q2	Q3	Q4	Q5	Q6	Total
CEQA Staff augmentation:	\$ -	\$ -	\$ 87,500.00	\$ 52,500.00	\$ 26,250.00	\$ 8,750.00	\$ 175,000.00

	Q1	Q2	Q3	Q4	Q5	Q6	Total
Lost interest	\$ 13,643.00	\$ 9,883.00	\$ 3,807.00	\$ 2,305.00	\$ 1,686.00	\$ 1,490.00	\$ 32,814.00

**ACTION OF
HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT**

DATE: June 27, 2024

AGENDA ITEM: Authorize the GM to extend the Trane Letter of Commitment agreement through 12/31/24

RECOMMENDATIONS:

Authorize the GM to extend the Trane Letter of Commitment agreement through 12/31/24

FINANCIAL IMPACT: No impact to extending the Letter of Commitment

BACKGROUND:

As a partner in energy resilience, Trane continues to pursue opportunities for advancement in the FLASHES project. Recent developments in the maturation of the PGE sponsored CMEP (Community Microgrid Enablement Program) and MIP (Microgrid Incentive Program) programs have provided renewed opportunities for funding and project viability. The MIP application is due 6/28/24. This extension represents the appropriate time to submit the application and for this application to be reviewed by the funding committee.

Letter of Commitment Extension Amendment



TRANE

TRANE
TECHNOLOGIES

Trane U.S. Inc.
4145 Delmar Ave.
Rocklin, Calif.
www.TraneTechnologies.com

Letter of Commitment Extension Amendment

THIS LETTER OF COMMITMENT EXTENSION AMENDMENT (the "Extension") is effective between the undersigned parties as of the 27th day of June, 2024.

WHEREAS, the Hidden Valley Lake Community Services District (the "District") issued a Request for Qualifications on September 30th, 2020 for resilience related energy services; and

WHEREAS, the District selected Trane U.S. Inc. ("Trane") as its energy services provider to provide resilience related energy services to the District; and

WHEREAS, the District and Trane entered into that certain Letter of Commitment, dated as of September 22nd 2021 (the "LOC"), to investigate the economic and technical feasibility of a combined renewable and energy storage project, and to further pursue incentives to develop such project (the "Project"); and

WHEREAS, Trane has engaged in extensive feasibility study with respect to the Project, including engineering, financial, and other analysis; and

WHEREAS, Trane has determined that Project viability is no longer dependent on obtaining and securing state or federal grants or loans as contemplated in the LOC; and

WHEREAS the parties agree that additional time is required for Trane to develop the Project under the LOC, including identification and securing of financial investors in the Project, and both parties are interested in extending the term of the LOC to **December 31, 2024**, waiving the "Trigger Event" date of October 14, 2022, and continuing the development of the Project in accordance with the terms and conditions of the LOC.

NOW THEREFORE, in consideration of the mutual promises contained herein and in the LOC and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the District and Trane hereby agree that the term of the LOC (as set forth therein), as of and including October 14, 2022, is hereby extended to **December 31, 2024**. Further, the parties reaffirm that all other terms and conditions of the LOC remain unchanged, excepting the "Trigger Event" date which is hereby waived and made coincident with the LOC termination date as amended herein.

IN WITNESS WHEREOF, the duly authorized representatives of the parties have each executed this Letter of Commitment Extension Amendment, effective as of the date first above written.

Hidden Valley Lake Community Services District

By: _____

Its: _____

Date: _____

Trane U.S. Inc.

By: _____

Its: _____

Date: _____