



Staff Report Item 9

TO: 3CE Operations Board of Directors

FROM: Robert M. Shaw, Chief Executive Officer

PREPARED BY: Dennis Dyc-O’Neal, Chief Operating Officer

SUBJECT: Approve and authorize the CEO to execute an Energy Storage Exclusivity Agreement with Holman BESS LLC, and any necessary ancillary documents, granting exclusivity to 3CE to negotiate an energy storage agreement at a later date

DATE: November 13, 2024

RECOMMENDATION:

This recommends the Operations Board approve and authorize the CEO to Execute an Energy Storage Exclusivity Agreement with Holman BESS LLC, and any necessary ancillary documents, granting exclusivity to 3CE to negotiate an energy storage agreement at a later date.

BACKGROUND:

Clearway Energy Group LLC, parent company for Holman BESS LLC, is in the process of designing and permitting a 750 MW Battery Energy Storage System (“BESS”), Lithium-Ion technology and 4-hour discharge duration, located in Monterey County, near the Moss Landing substation. Once constructed, they will operate and maintain this project, however it will require permitting and securing deliverability from the CAISO. The project is not expected to become operational until the 2032 timeframe.

Project Summary

	Energy Storage Exclusivity Agreement
Counterparty	Holman BESS LLC
Parent Company	Clearway Energy Group LLC
Product	Exclusivity and a Right of First Offer (“ROFO”) to all or a portion of the project.

Exclusivity Period	Until January 2027 and potentially through December 2030
Project Name	Holman
Contract Capacity	Up to 750 MW Battery Energy Storage System (“BESS”), Lithium-Ion Technology 4-hour discharge duration (3,000 MWh per cycle)
Location	Monterey County Interconnection at the Moss Landing Substation

DISCUSSION/ANALYSIS:

With so many Californian generation and storage projects impacted and delayed due to interconnection issues, 3CE is seeking new risk-free approaches to early developer engagement that should provide 3CE with greater certainty that a developer can perform. The proposed Energy Storage Exclusivity Agreement grants Holman BESS LLC the ability to navigate the interconnection process while preserving the right to negotiate exclusively with 3CE with respect to the planned 750 MW Holman energy storage project for dispatch rights and resource adequacy benefits.

The exclusivity period would last from the date of execution of this agreement through January 2027 and potentially through December 2030. 3CE is securing a Right of First Offer (“ROFO”) that obligates Holman BESS LLC to supply 3CE with at least one written Offer to sell the energy products from the Holman BESS at pricing that reflects contemporary market circumstances.

It is usual practice for 3CE to enter into exclusivity agreements for the negotiation of new renewable and energy storage contracts. These agreements usually grant exclusivity to 3CE for periods as short as 90 days or as long as 6 months.

Given the expected online date for the Holman BESS project is not until 2032, it is too early in the development cycle to negotiate certain terms and conditions, specifically around pricing.

3CE has worked with the developer, Clearway Energy Group, to insert into this exclusivity agreement as many of the operational and performance terms as possible. This will facilitate a shorter negotiation of an Energy Storage Agreement (“ESA”), if 3CE decides to accept any Offer provided by Holman BESS LLC. 3CE would bring any subsequent ESA back to the Operations Board, resulting from this exclusivity agreement, for approval.

FISCAL IMPACT:

This Energy Storage Exclusivity Agreement has no fiscal impact.

CONCLUSION:

Approval of this Energy Storage Exclusivity Agreement has the potential to support 3CE's strategy of securing long-term Resource Adequacy (RA) resources to reduce our exposure to the volatile short-term RA marketplace and aiding in the development of a local project demonstrating success and capability for local contracting.

ATTACHMENT(S):

1. E S A b etween Holman BESS LLC and 3CE-Redacted