



City Council Agenda Item

City Council Meeting Date: August 19, 2025

TO: Dean Albro, City Manager

FROM: Michael Luther, Utility Director
m_luther@ci.lompoc.ca.us

SUBJECT: Adopt Resolution No. 6769(25) Approving, and Authorizing the City Manager or Designee to Execute, a Third Phase Agreement for Energy Storage Service Agreement with Trolley Pass Project LLC

Recommendation:

Staff recommends the City Council adopt Resolution No. 6769(25) (Attachment 1) approving, and authorizing the City Manager or designee to execute, a Third Phase Agreement for Energy Storage Service Agreement (Third Phase Agreement) (Attachment 2) with Trolley Pass Project LLC and to execute any related agreements.

Background:

On March 25, 2020, Northern California Power Agency (NCPA), acting on behalf of its Members (including Lompoc), issued a Request for Proposals for Renewable Energy Resources, Carbon Free Energy Resources, and Energy Storage Solutions (RFP), as subsequently amended on April 1, 2022, to solicit competitive proposals for renewable energy projects, energy storage solutions, and products consistent with the Renewable Energy Resources Program (Public Resources Code sec. 25740 et seq.) and the California Renewables Portfolio Standard Program (Public Utilities Code sec. 399.11 et seq.), including amendments enacted by passage of Senate Bill 100 (De Leon 2018), and carbon free energy resources¹. In response to the RFP, NCPA received multiple proposals for the supply of renewable energy and energy storage solutions sourced from different technologies, including a proposal from Trolley Pass Project LLC to sell certain storage Products from an up to 400 MW battery energy storage system facility located in San Bernardino County, California (Trolley BESS Facility). NCPA, in direct coordination with those Members who expressed an interest in purchasing storage Products supplied by the Trolley BESS Facility (Participants), determined that the offer was competitive and met the needs and requirements of the Participants.

As a result of this determination, NCPA, acting on behalf of the Participants, engaged in active negotiations with Trolley Pass Project LLC to develop the Energy Storage Service

¹ The RFP was publicly noticed and made available to the public on NCPA's website.

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Agreement (ESSA) (Attachment 3), pursuant to which NCPA will purchase storage Products (collectively the Products) supplied from the Trolley BESS Facility. The following are key terms contained in the ESSA: Products includes Discharging Energy, Storage Capacity, Capacity Attributes and Ancillary Services, Delivery Term is 20 years, Expected Commercial Operation Date is June 1, 2029, and Contract Price is stated in the ESSA. The Trolley BESS Facility is required to obtain and retain Full Capacity Deliverability Status throughout the Delivery Term. (A copy of the ESSA is attached to the Third Phase Agreement as Exhibit B.)

To enable NCPA to enter into the ESSA, pursuant to the terms and conditions of the Amended and Restated Facilities Agreement, NCPA and the Participants shall enter into the Third Phase Agreement to provide all means necessary for NCPA to fulfill obligations incurred on behalf of NCPA and the Participants pursuant to the ESSA, and to enable and obligate the Participants to take delivery of and pay for such electric capacity and energy and to pay NCPA for all costs it incurs for undertaking the foregoing activities. Upon full execution of the Third Phase Agreement, NCPA will enter into the ESSA on behalf of the Participants, and such ESSA shall be deemed a NCPA Project by the Commission. As further described in Exhibit A, on the effective date of the Third Phase Agreement NCPA will amend Exhibit A by adding Table 2, whereby Table 2 will list the Final Project Participation Percentages of each Participant.

(A copy of the Third Phase Agreement is attached as Attachment 3 for reference.)

Discussion:

By executing the Third Phase Agreement Lompoc will become a Participant in the Trolley BESS Facility. Lompoc will use its project participation percentage share of the Trolley BESS Facility for the following purposes: (i) use the Storage Capacity to manage and reshape output produced by Lompoc's solar photovoltaic project interests to enhance the value of energy produced and to hedge risk associated with the non-dispatchable characteristics of Lompoc's solar photovoltaic project interests, and (ii) use Capacity Attributes to comply with Lompoc's resource adequacy requirements.

Environmental Analysis:

Prior to taking a discretionary action the City Council must evaluate whether environmental analysis under the California Environmental Quality Act (CEQA) is required. In compliance with the requirements of CEQA, the City Council may act to authorize NCPA to enter into the ESSA for the following reasons:

- **NCPA's obligation to purchase Products supplied from the Trolley BESS Facility is conditioned on completing any environment review required by CEQA.** In order to ensure the project completes any needed environmental review, NCPA has added as a condition precedent to purchasing products from the facility that the project complete and obtain any needed authorizations in compliance with CEQA;

2.2 Conditions Precedent. Subject to Exhibit B, the Delivery Term shall not commence until Seller completes each of the following conditions:

...

(vi) All applicable regulatory authorizations, approvals and permits required for operation of the Facility have been obtained and all conditions thereof that are capable of being satisfied on the Commercial Operation Date have been satisfied, including but not limited to applicable laws, ordinances, codes and standards regarding fire safety and attaching a copy of the applicable fire inspection and signoff, and shall be in full force and effect (including but not limited to CEQA approvals), and Seller has delivered to Buyer an attestation certificate from an officer of Seller certifying to the satisfaction of this condition set forth in this Section 2.2(a)(iv); (ESSA, Attachment 3, page 26.)

- **NCPA may rely upon the determinations made by the City of Rancho Cucamonga and San Bernardino County after the city and county completes the environmental evaluation of the project as required by CEQA.** NCPA has further included in the ESSA that NCPA has no obligation to purchase products until all CEQA review and approvals are granted. In the case of an appeal to the City of Rancho Cucamonga's and/or San Bernardino County's determinations under CEQA, NCPA is only required to purchase products during a pending appeal when the court has not enjoined the City of Rancho Cucamonga's and/or San Bernardino County's determination under CEQA. In the rare instance that a project decides to proceed at risk during the pendency of an appeal of the City of Rancho Cucamonga's and/or San Bernardino County's CEQA determination and the court has not enjoined that action, NCPA can rely upon the City of Rancho Cucamonga's and/or San Bernardino County's determination until such time as the court overturns the City of Rancho Cucamonga's and/or San Bernardino County's CEQA determination. The ESSA addresses this rare situation.

2.7(a) The Parties agree that Buyer has no obligation to accept or pay for any Product under this Agreement until the date on which all of the following have occurred (such date, the "**CEQA Completion Date**"): (a) any applicable review under CEQA has been completed by the Lead Agency and all necessary CEQA approval(s) for the Facility have been issued by the Lead Agency (the "**CEQA Approval(s)**"); and (b) (i) the applicable period for any judicial challenges to the CEQA Approval(s) relating to the Facility has expired without any such challenge having been filed in court, or (ii) in the event of any such challenge, the challenge has been dismissed. The Delivery Term shall not occur without the occurrence of the CEQA Completion Date. (ESSA, Attachment 3, page 29.)

Fiscal Impact:

There is no direct fiscal impact to the City's General Fund. Pursuant to the terms and conditions of the Third Phase Agreement, each Participant acknowledges and agrees to

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be bound by the terms and conditions of the Third Phase Agreement, and that the Third Phase Agreement is written as a “take-or-pay” agreement, and any Products delivered to NCPA under the ESSA shall be delivered to each Participant in proportion to such Participant’s Project Participation Percentage as set forth in Exhibit A of the Third Phase Agreement, and each Participant shall accept and pay for its respective percentage of such Products.

Conclusion:

The adoption of Resolution No. 6769(25) will authorize the City manager or designee to execute the Third Phase Agreement with Trolley Pass LLC and to execute any related agreements.

Respectfully submitted,

Michael Luther, Utility Director

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

Dean Albro, City Manager

- Attachments:
- 1) Resolution No. 6769(25)
 - 2) Third Phase Agreement for Energy Storage Service Agreement with Trolley Pass Project LLC
 - 3) Energy Storage Service Agreement (ESSA)