



REPORT TO: SUA

MEETING DATE: MARCH 7, 2022

Agenda Item:	7b. SUA-22-12
Issue:	<p>Boomer Lake Station Redevelopment Project</p> <ul style="list-style-type: none">• The developer of the Boomer Lake Station (BLS) Redevelopment project has requested the three 2MW diesel gensets be removed from the site primarily due to noise issues and spacing for future development on the site.• SUA currently receives approximately \$259,200 a year in capacity payment for four 2MW diesel gensets (three at BLS and one at the water treatment plant).• The three units located at BLS receive approximately \$194,400 in capacity payment while the one unit at the water treatment plant receives \$64,800 annually.• These units are rarely called upon by GRDA to run; however, when they are called upon they are not reliable.• This was the case during Winter Storm Uri as three of the four came on but later had to be shut down due to emissions control icing issues.
Solution:	<p>Staff has researched two options:</p> <p>Relocation</p> <ul style="list-style-type: none">• A rough cost estimate to relocate the units to the North Tap substation is \$2,500,000 and includes the following:<ul style="list-style-type: none">✓ Engineering✓ ODEQ permitting✓ Site Preparation✓ Crane services✓ Heavy hauling✓ Contract labor✓ Construction materials• \$2,500,000/\$194,400 equals a 12.86% yearly return on investment.

- Per GRDA/SUA contract, GRDA may provide a five year notice to terminate the four diesel units. There is no guarantee that once the gensets are relocated, GRDA would not invoke that right in the future.

Decommission

- Using the options below, decommissioning costs would be minimal as the gensets are self-contained individual units.
 - ✓ Issue a RFP or reverse bid for the sale and removal of each unit of the gensets as well as the chemical house to the north.
 - ✓ SUA staff would remove the transformers and electrical infrastructure.
 - ✓ The costs to remove the below grade foundations is estimated at \$100,000 with support from other City departments.
- Selling the gensets as described and using staff labor to remove the transformers and electrical infrastructure, keeps the costs to decommission the four gensets to a minimum.
- Decommissioning of the units also results in the removal of carbon based generation units from SUA’s generation portfolio, which could possibly be replaced with renewable energy resources in the future.
- Upon adoption of Resolution SUA-2022-2, the GRDA board will vote to authorize the decommissioning of the gensets during its March 9, 2022 board meeting.

Financial Impact/Funding Source(s):

- Decommissioning of the four diesel gensets would equate to a loss of capacity payment of approximately \$259,000 annually.
- Staff does not believe it would be economically feasible to relocate the gensets in order to continue to receive a capacity payment from GRDA.
- Financial benefits from the redevelopment project could offset the revenue stream from the capacity payments.

Strategic Plan Alignment:

#1 Effective Services & Accountable Government: To provide effective services and accountable government for all citizens

by practicing fiscal responsibility, transparency, and outstanding customer service.

#4 Connected Spaces: To develop a strong sense of place that recognizes the interconnectedness of people, buildings and public systems that best serve the needs of the public.

#5 Unique Culture: To cultivate partnerships that enhance the unique culture of Stillwater with equal access to services and amenities, strong and connected neighborhoods, and a thriving economy and business atmosphere.

Recommended Action/Motion:

Motion to adopt Resolution SUA-2022-2.

Prepared By:

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Reviewed By:

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Submitted By:

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