

September 29, 2021

Attn: Dr. Pam Magee, Executive Director/Principal  
Palisades Charter High School (Pali High)  
15777 Bowdoin St.  
Pacific Palisades, CA 90272

### **The Energy Service Agreement (ESA) for Pali-High**

*“Solar Savings to Power New Roofs.”* PermaCity will harvest as much solar power as possible, approximately 3.6 Megawatts, from the Palisades Charter High School Campus, so we can reduce the School’s energy bill, then utilize 2.8 MW extra energy generated to sell power back to Los Angeles Department of Water and Power (LADWP). This is accomplished through the LADWP Feed-In-Tariff (FiT) program. Pali High needs 777 kW DC to offset its historical electricity use.

In lieu of paying a monthly rental fee to commercial roof space providers eligible for the FiT program, we will instead take advantage of FiT payments to reduce Pali High’s energy bill as much as possible. Since new roofs are needed, we will finance the cost of those roofs by wrapping it into overall project costs. Roofing budget in our proposal is capped at \$1.4 million and is only applicable to roofs where solar will be placed as shown on our proposed layout.

The estimated ESA payments and Net Savings are provided in Exhibit A. The cost per kWh equivalent for the ESA is as follows:

1. We arrived at the savings by first offering the base roof top ESA rate we are using on LAUSD schools of \$0.082/kWh;
2. Next, we increased the rate to pay for the roof replacement budget, bringing the cost up to \$0.152/kWh;
3. Then we determined the value of the surplus power to be sold to the FiT and deducted the value as a FiT credit of \$0.064/kWh. That reduces the net rate to Pali-High and helps offset the cost of the Solar System.
4. The result is a low ESA rate of \$0.082/kWh that both the Estimated Net Savings and ESA Payments are based on.

PermaCity is aware of the LADWP’s and the Los Angeles City Charter’s prohibition against selling electricity in LADWP territory. The Energy Savings Agreement, (ESA) quantifies and bills from savings produced, not electricity consumed.

Energy Services Agreements (ESAs) are performance-based contracts through which a service provider agrees to finance, develop, and deploy energy efficiency/renewable energy projects for clients without any upfront capital expenditures. PermaCity’s ESA complies with LADWP and the LA City Charter.

Regarding the use of “Sole Sourcing” to get this project going without extra cost or procedural delays, and liabilities a RFP competition causes. we find that “Sole Sourcing” in this instance is supported by the California Government Code. Under California Government Code, §§4525 et seq., “Architectural, landscape architectural, engineering, environmental, land surveying and construction project management services may be procured by a public agency without engaging in the bidding process.”

The new roofs and the installed solar (which helps protect the roofs to extend their lives) will benefit the buildings' useful lives, lower the sites' carbon footprints, and further lower the schools' LADWP electric bills. Two charts are included here for comparison. The first chart (Exhibit A) shows the estimated savings without the cost of the roofs included. ((\$5.8M)) The Second chart (Exhibit B) shows the estimated savings with the cost of the roofs as budgeted included. ((\$3.09M))

PermaCity will do all of this without a single dollar from Pali High or LAUSD invested into the solar project or the roofs. PermaCity and/or its financial partner will own and maintain the equipment at no charge to Pali High and LAUSD, for as much as the next 35 years. Pali High's electric bills will go down, demonstrating that solar is a viable option that can be adopted successfully across the LAUSD and Charter School system. The charts enclosed demonstrate how Pali High can save between \$3 - \$5.8 Million in electricity costs over the next 25 years with or without folding in new roofs.

### The Solar Power Energy Service Agreement (ESA) for Pali-High proposed Layout



**Exhibit A**  
**Estimated Savings During ESA Term Without Roof Costs Included**

<b>ESA Year</b>	<b>Estimated Pre-Solar Utility Cost</b>	<b>Estimated Bill Savings from Solar</b>	<b>Estimated ESA Payment to PermaCity</b>	<b>Net Savings</b>
1	\$ 263,016	\$208,798	(\$37,490)	\$171,308
2	\$ 270,906	\$213,986	(\$38,421)	\$175,565
3	\$ 279,034	\$219,298	(\$39,375)	\$179,923
4	\$ 287,405	\$224,737	(\$40,352)	\$184,385
5	\$ 296,027	\$230,304	(\$41,351)	\$188,953
6	\$ 304,908	\$236,003	(\$42,374)	\$193,629
7	\$ 314,055	\$241,836	(\$43,422)	\$198,414
8	\$ 323,477	\$247,807	(\$44,494)	\$203,313
9	\$ 333,181	\$253,919	(\$45,591)	\$208,328
10	\$ 343,176	\$260,174	(\$46,714)	\$213,460
11	\$ 353,472	\$266,576	(\$47,864)	\$218,712
12	\$ 364,076	\$273,129	(\$49,040)	\$224,089
13	\$ 374,998	\$279,834	(\$50,244)	\$229,590
14	\$ 386,248	\$286,696	(\$51,476)	\$235,220
15	\$ 397,835	\$293,718	(\$52,737)	\$240,981
16	\$ 409,770	\$300,903	(\$54,027)	\$246,876
17	\$ 422,063	\$308,254	(\$55,347)	\$252,907
18	\$ 434,725	\$315,776	(\$56,698)	\$259,078
19	\$ 447,767	\$323,472	(\$58,080)	\$265,392
20	\$ 461,200	\$331,346	(\$59,493)	\$271,853
21	\$ 475,036	\$339,401	(\$60,940)	\$278,461
22	\$ 489,287	\$347,641	(\$62,419)	\$285,222
23	\$ 503,966	\$356,070	(\$63,932)	\$292,138
24	\$ 519,085	\$364,691	(\$65,480)	\$299,211
25	\$ 534,657	\$373,510	(\$67,064)	\$306,446
<b>Total</b>	<b>\$ 9,589,370</b>	<b>\$7,097,879</b>	<b>\$(1,274,425)</b>	<b>\$5,823,454</b>

**Exhibit B**  
**Estimated Savings During ESA Term With Roof Budget Included**

<b>ESA Year</b>	<b>Estimated Pre-Solar Utility Cost</b>	<b>Estimated Bill Savings from Solar</b>	<b>Estimated ESA Payment to PermaCity</b>	<b>Net Savings</b>
1	\$ 263,016	\$208,798	(\$117,825)	\$90,973
2	\$ 270,906	\$213,986	(\$120,753)	\$93,233
3	\$ 279,034	\$219,298	(\$123,750)	\$95,548
4	\$ 287,405	\$224,737	(\$126,819)	\$97,918
5	\$ 296,027	\$230,304	(\$129,961)	\$100,343
6	\$ 304,908	\$236,003	(\$133,176)	\$102,827
7	\$ 314,055	\$241,836	(\$136,468)	\$105,368
8	\$ 323,477	\$247,807	(\$139,838)	\$107,969
9	\$ 333,181	\$253,919	(\$143,287)	\$110,632
10	\$ 343,176	\$260,174	(\$146,817)	\$113,357
11	\$ 353,472	\$266,576	(\$150,429)	\$116,147
12	\$ 364,076	\$273,129	(\$154,127)	\$119,002
13	\$ 374,998	\$279,834	(\$157,911)	\$121,923
14	\$ 386,248	\$286,696	(\$161,783)	\$124,913
15	\$ 397,835	\$293,718	(\$165,745)	\$127,973
16	\$ 409,770	\$300,903	(\$169,800)	\$131,103
17	\$ 422,063	\$308,254	(\$173,948)	\$134,306
18	\$ 434,725	\$315,776	(\$178,193)	\$137,583
19	\$ 447,767	\$323,472	(\$182,536)	\$140,936
20	\$ 461,200	\$331,346	(\$186,979)	\$144,367
21	\$ 475,036	\$339,401	(\$191,524)	\$147,877
22	\$ 489,287	\$347,641	(\$196,174)	\$151,467
23	\$ 503,966	\$356,070	(\$200,930)	\$155,140
24	\$ 519,085	\$364,691	(\$205,796)	\$158,895
25	\$ 534,657	\$373,510	(\$210,772)	\$162,738
<b>Total</b>	<b>\$ 9,589,370</b>	<b>\$ 7,097,879</b>	<b>\$ (4,005,341)</b>	<b>\$ 3,092,538</b>