

BOARD MEETING DATE: November 6, 2020

AGENDA NO. 4

PROPOSAL: Amend Contract to Install Solar Panels for Volvo LIGHTS Project

SYNOPSIS: In November 2018, the Board approved execution of contracts for the Volvo Low Impact Green Heavy Transport Solutions (LIGHTS) project. In order to complete installation of solar panels at freight handling facilities participating in the Volvo LIGHTS project, CARB approved reallocating up to \$600,000 of administrative funding to project costs. This action is to amend a contract with Volvo Group North America, LLC in an amount not to exceed \$600,000 from the GHG Reduction Projects Special Revenue Fund (67) for the installation of solar panels.

COMMITTEE: Technology, October 16, 2020; Recommend for Approval

RECOMMENDED ACTION:

Authorize the Chairman to amend a contract with Volvo Group North America, LLC, in an amount not to exceed \$600,000 from the GHG Reduction Projects Special Revenue Fund (67) to install solar panels at freight handling facilities.

Wayne Natri
Executive Officer

MMM:NB:JI:PSK

Background

In November 2018, the Board approved an award of \$44,839,686 for the Volvo Low Impact Green Heavy Transport Solutions (LIGHTS) project to develop and demonstrate Class 8 battery electric trucks, freight handling equipment, infrastructure and solar panels under CARB's Low Carbon Transportation GHG Reduction Fund Investments. South Coast AQMD received \$2,151,436 or 5 percent of the total grant for

administrative funding towards project management including reporting, contracting, invoicing, and other administrative tasks.

Since the grant agreement with CARB was executed in 2019, tariffs on solar panels and inverters and construction challenges to comply with COVID-19 requirements have increased the cost of installing solar and construction projects in general. The grant agreement with CARB also had a significant solar production requirement of 1.8 million kWh annually. To achieve this target, over 1 MW of solar panels will be installed at up to two freight handling facilities in Chino and Ontario participating in the Volvo LIGHTS project. Solar panels will also increase resiliency for these fleets and their ability to charge their trucks, yard tractors, forklifts, and support EVs and pave the way for future development of a microgrid at these sites to enable these fleets to deploy larger numbers of battery electric trucks and off-road equipment to transition their entire fleets to zero emission.

Proposal

In order to complete installation of solar panels at freight handling facilities in the Volvo LIGHTS project, South Coast AQMD staff recommends reallocating up to \$600,000 of its administrative funding to project costs, which CARB has approved. This action is to amend a contract with Volvo Group North America, LLC (Volvo) to add up to \$600,000 in CARB funding for the Volvo LIGHTS project. There is no net change in grant funds from CARB as a result of this action.

Sole Source Justification

Section VIII.B.2. of the Procurement Policy and Procedure identifies four major provisions under which a sole source award may be justified. The request for sole source awards for the Volvo contract is made under the provisions B.2.c.(1): The unique experience and capabilities of the proposed contractor or contractor team; B.2.c.(2): The project involves the use of proprietary technology; and B.2.d.(1): Projects involving cost-sharing by multiple sponsors. Volvo has extensive knowledge and experience in advanced EV technologies and solar technologies to successfully complete this project. This project will be cost-shared by Volvo and other project partners as discussed in the Resource Impacts section.

Benefits to South Coast AQMD

Projects to support development and demonstration of various electric container and freight transport technologies and infrastructure, as well as to demonstrate solar and energy storage technologies to enable development and demonstration of microgrids with fleets charging heavy-duty trucks, yard tractors, and forklifts are included in the *Technology Advancement Office Clean Fuels Program 2020 Plan Update* under the categories of “Develop and Demonstrate Electric and Hybrid Vehicles,” “Develop and Demonstrate Electric Container Transport Technologies,” “Develop and Demonstrate Electric Charging Infrastructure,” and “Develop and Demonstrate Microgrids with

Photovoltaic/Fuel Cell/Battery Storage/EV Chargers and Energy Management.” This project is to develop and demonstrate zero emissions heavy-duty trucks, freight handling equipment, infrastructure and solar panels. Successful demonstrations of such projects will contribute to the attainment of national ambient air quality standards in the South Coast Air Basin by eliminating PM and NOx emissions from replaced diesel heavy-duty trucks and off-road freight handling equipment. The project also includes installation of infrastructure powered by solar panels and energy storage.

Resource Impacts

The amended contract with Volvo will not exceed \$46,691,592 from the GHG Reduction Projects Special Revenue Fund (67). This will not exceed the total CARB funding of \$42,191,592, \$4,000,000 in South Coast AQMD cost share from the Clean Fuels Fund (31), and \$500,000 from the U.S. EPA Clean Air Technology Initiative (CATI) program. CARB funding of \$41,591,592 from project funding was previously recognized by the Board in November 2018, and up to \$600,000 is being reallocated from South Coast AQMD administrative funding to project funding from this grant. The funding sources and amounts for the project are in the following table:

Proposed Volvo Project Costs

Source	Amount	Percent
CARB <i>(recognized Nov 2018)</i>	\$41,591,592	45%
CARB <i>(reallocation from admin to project funds)</i>	\$600,000	.65%
Volvo and partners <i>(cash & in-kind)</i>	\$45,855,308	50%
South Coast AQMD <i>(approved Nov 2018)</i>	\$4,000,000	4%
U.S. EPA (CATI) <i>(approved Sept 2020)</i>	\$500,000	.55%
Total	\$92,546,900	100%

Sufficient funds will be available in GHG Reduction Projects Special Revenue Fund (67) to amend the Volvo contract from the CARB funding for the Volvo LIGHTS project.