PORT OF GALVESTON
REQUEST FOR DISCUSSION AND TRUSTEES ACTION

BUSINESS ITEM

PREPARED BY: Laura Camcioglu  Director of Administration  June 23, 2020

SUBJECT: Consider and Approve Solar Project for Cruise Terminal 2.

BACKGROUND: As part of the Port of Galveston’s Green Marine Initiative, staff has reviewed the feasibility of solar implementation on Cruise Terminal 1 and 2. Using this approach, solar energy could offset about two-thirds of electricity consumption from the CenterPoint power grid. The infrastructure is capable of generating 1,200kW, with an estimated savings up to $1.2M.

RECOMMENDATIONS: The Board of Trustees of the Galveston Wharves is respectfully requested to review the recommended project and authorize the Port Director to enter into a Power Purchase Agreement consistent with the terms discussed.

ADDITIONAL INFORMATION ATTACHED: X Yes  □ No

Respectfully Submitted By: RODGER REES, Port Director/CEO

DATE ACTION TAKEN: __________________________

Approved: ____________  Motion By: ____________
Disapproved: ____________  Seconded By: ____________
Deferred To: ____________  Unanimous: □ Yes  □ No
Incorporated into Minutes: ____________  By: ____________
PORT OF GALVESTON
Briefing

CONSIDER AND APPROVE SOLAR PROJECT FOR CRUISE TERMINAL 2.

Background
As part of the Port of Galveston’s Green Marine Initiative, staff has reviewed the feasibility of solar implementation on Cruise Terminal 1 and 2.

The recommended solar infrastructure was specifically designed and uniquely tailored for both Cruise Terminal 1 and Cruise Terminal 2. These facilities make up 60% of the Port’s total energy usage. Using this approach, solar energy is anticipated to offset about two-thirds of electricity consumption from the CenterPoint power grid. The infrastructure consists of 5,000-7,500 solar panels, capable of generating 995-2500kW, with an estimated savings up to $3M.

Per your request, and in follow-up to the February 25th Galveston Wharves Board Meeting, alternative scenarios were analyzed. Driven primarily by different re-roofing options as well as consideration for the aerial rights above Cruise Terminal 1, the following were calculated to determine the economic benefit of three options: (1) Cruise Terminals 1 and 2, (2) Cruise Terminal 1 with partial roof infrastructure and Cruise Terminal 2, and (3) Cruise Terminal 2 with no roof repairs.

<table>
<thead>
<tr>
<th>Solar Size</th>
<th>Solar Location</th>
<th>Roof Replacement</th>
<th>Est. Year 1 Electricity Savings</th>
<th>Est. 25-Yr Cumulative Electricity Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option 1</td>
<td>2,500 kW</td>
<td>All of CT 1 &amp; CT 2</td>
<td>All of CT1</td>
<td>($24,000)</td>
</tr>
<tr>
<td>Option 2</td>
<td>1,500 kW</td>
<td>All CT2, Part of CT1</td>
<td>Part of CT1</td>
<td>($17,500)</td>
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<tr>
<td>Option 3</td>
<td>995 kW</td>
<td>CT2 Only</td>
<td>None</td>
<td>($2,840)</td>
</tr>
</tbody>
</table>

Current Situation
Staff is recommending Option 3.

Fiscal Impact
Over the 25-year project life, we expect savings of $1M

Staff Recommendation
The staff recommends Option 3. In order to capture key tax credits that expire at year-end 2020, timing is of the essence. Legal has reviewed the solar contract and sees no obstacle to executing. Solar installation and re-roofing would begin in Q3-2020 and be complete by Q4-2020.