

LEG 2010-0192
April 29, 2010

Via Hand Delivery & Email to EPS@energy.state.ca.us

Ms. Melissa Jones
Executive Director
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

Re: EPS Compliance Filing of the Sacramento Municipal Utility District

Dear Ms. Jones:

Pursuant to Title 20, Chapter 11, Section 2909, of the California Code of Regulations, adopted by the California Energy Commission (CEC) to implement Senate Bill SB 1368, the Sacramento Municipal Utility District (SMUD) hereby submits the attached compliance filing. Through this compliance filing, SMUD requests that the CEC find that SMUD's twenty-one year agreement (PPA) with Patua Project LLC for the purchase of energy, capacity, capacity attributes, and environmental attributes from an approximately 120 MW geothermal power plant (Project) complies with the CEC's emission performance standard (EPS).

On April 16, 2010, SMUD's General Manager executed the PPA, less than ten business days ago; a day after the SMUD Board authorized him to do so and to make the enclosed compliance filing attestation. However, through inadvertence, we failed to follow the requirement of Section 2909 to notify the CEC of that regular Board meeting, including information pertaining to the proposed procurement. We apologize for this oversight. Nevertheless, we believe that the public was adequately notified of SMUD's proposed action in advance of the April 15, 2010, Board meeting where it was considered.

For example, the April 15th SMUD Board meeting was held at a regularly scheduled time and location at SMUD. The meeting was duly noticed on April 9, 2010, by posting on SMUD's website, by a notice on SMUD's premises, and by a notice published in a local newspaper. The agenda for the meeting, which served as the "Notice", is attached hereto. The Notice specified that the meeting was wheelchair accessible and provided contact information for the public for further information. The Notice also provided a brief description of the investment to be considered – an RPS eligible energy purchase from a geothermal facility. In addition, SMUD posted a copy of the PPA, with confidential information redacted, from April 12, 2010, to April 23, 2010, at the following web address: <http://www.smud.org/en/board/Pages/brdmtgs.aspx>. SMUD

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also streamed the April 15th Board meeting live and archived the meeting at http://smud.granicus.com/ViewPublisher.php?view_id=2. We believe that the public was given an adequate opportunity to comment upon the proposed PPA.

Section 2903(b)(1) provides that powerplants that meet the criteria of a renewable electricity generation facility, as defined by the California RPS statutes and guidelines adopted thereunder, are "determined to be compliant" with the EPS. It is expected that the Project developers will soon submit to the CEC their application for precertification that will demonstrate the Project as a "renewable electricity generation facility" for purposes of the California RPS.

SMUD remains committed to the promotion and development of renewable resources, consistent with its long-standing environmental policy objectives. This renewable energy procurement is beneficial for California's public health and the environment and in the best interests of SMUD's ratepayers. We look forward to your determination that the Project complies with the EPS. Please do not hesitate to contact me with any questions. With kind regards, I remain

Sincerely,



William W. Westerfield, III
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Sacramento Municipal Utility District
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Sacramento, CA 95852-1830
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Facsimile: (916) 732-6581

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Encls.

cc: Arlen Orchard
Corporate Files

**CALIFORNIA ENERGY COMMISSION
EMISSION PERFORMANCE STANDARD COMPLIANCE FILING**

California Energy Commission
EPS Compliance
1516 Ninth Street
Sacramento, CA 95814-512
Attention: Compliance Filing

This is to inform you that the Sacramento Municipal Utility District (SMUD) entered into a contract for renewable energy on April 16, 2010. The contract information is as follows:

Name of Counterparty: Patua Project LLC

Name of Facility: Patua Project Facility

Location of Facility: Fernley, NV

Technology/Fuel: Geothermal

Nameplate Capacity of Facility: 120 MW Nominal Net

Product Description: Unit Contingent Firm Energy

Substitute energy allowed: No

Delivery Start Date-Delivery End Date: 21 years beginning in October 1 2012 and ending on December 31, 2033.

Further description of technology if necessary:

The Facility is a new water-cooled binary geothermal power plant to be constructed and owned by the Facility Owner and located in the high desert approximately 10 miles east of Fernley, Nevada. The Facility will utilize geothermal steam to generate electricity.

Further description of facility output profile, if necessary:

The Facility output will provide "baseload" energy except during planned and forced outages.

Description of other relevant contract terms:

SMUD is entitled to all Green Attributes and Capacity Attributes associated with the Project Energy of the Facility.

The Facility meets all of the requirements for CEC pre-certification for the California RPS. The PPA requires the Seller to cause the Facility to acquire CEC certification and maintain CEC certification throughout the Term of the PPA. SMUD may terminate if the Facility does not maintain CEC certification throughout the Term.

Section 2.3.2.2 of the PPA provides that the PPA is void and all energy deliveries shall be terminated no later than the Effective Date of any decision by the CEC pursuant to Section 2910 of the California Public Utilities Code that the covered procurement fails to comply with the emission performance standard.

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We are asking that the Commission find that this PPA is compliant with the greenhouse gases emission performance standard set forth in Chapter 11 of Title 20 of the California Code of Regulations. Specifically, SMUD asserts herein that the Facility under contract is compliant pursuant to Section §2903(b) of the regulations.

**CALIFORNIA ENERGY COMMISSION
EMISSION PERFORMANCE STANDARD COMPLIANCE FILING**

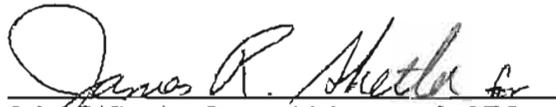
COMPLIANCE FILING ATTESTATION

I, the official named below, certify under penalty of perjury, the following:

1. I am an agent of the Sacramento Municipal Utility District (SMUD) authorized by its governing board to sign this attestation on its behalf;
2. The SMUD Board of Directors has reviewed and approved in a public meeting both the covered procurement and the compliance filing described above;
3. Based on the SMUD Board of Director's knowledge, information, and belief, the compliance filing does not contain a material misstatement or omission of fact;
4. Based on the SMUD Board of Director's knowledge, information, or belief the covered procurement complies with Title 20, Division 2, Chapter 11, Article 1 of the California Code of Regulations; and
5. The covered procurement contains contractual terms of conditions specifying that the contract or commitment is void and all energy deliveries shall be terminated no later than the effective date of any Commission decision pursuant to Title 20, California Code of Regulations, section 2910, that the covered procurement fails to comply with Title 20, Division 2, Chapter 11, Article 1, of the California Code of Regulations.

Sacramento Municipal Utility District

By:


John DiStasio, General Manager & CEO

Date: April 27, 2010

Members of the public wishing to address the Board must complete a sign-up slip at the lobby information center. Statements shall not exceed three minutes, unless the Board President grants special permission.

AGENDA

SACRAMENTO MUNICIPAL UTILITY DISTRICT BOARD OF DIRECTORS' MEETING SMUD AUDITORIUM - 6201 S STREET SACRAMENTO, CALIFORNIA

April 15, 2010 – 9:00 a.m.

Call to Order.

1. Approval of the Agenda.
2. Approval of the minutes of the meeting of April 1, 2010.
3. Board of Directors' reports.
 - a. Committee Chair report of April 13, 2010, Policy Committee
 - b. Other director reports
 - c. President's report
4. General Manager's report.
5. Statements from visitors (non-agenda items).

Items 8 and 9 were reviewed by the Policy Committee on April 13, 2010.

Information:

6. Present information on the impacts of Proposition 16 ("The New Two-Thirds Requirement for Local Public Electricity Providers") to SMUD's Business Operations.
(Arlen Orchard)

Consent Calendar:

7. Approve Board member compensation for service rendered at the request of the Board (pursuant to Resolution 02-12-14) for the period of April 1, 2010, through April 15, 2010.

8. Authorize the General Manager and CEO to negotiate and execute the Department of Energy Smart Grid Assistance Agreement in the amount of \$127.5 million; authorize the General Manager and CEO to negotiate and execute any additional agreements necessary to effectuate the Assistance Agreement, including contracts with sub-awardees, vendors and other third parties. **Policy Committee 4/13. (Paul Lau)**

9.
 - a. Approve the emission performance standard compliance filing, and authorize the General Manager and CEO to execute the compliance filing attestation.

 - b. Authorize the General Manager and CEO to execute a twenty-one year Renewable Power Purchase Agreement with **Patua Project, LLC**, for purchase of approximately 120 MW of geothermal power.

Policy Committee 4/13. (Jim Shetler)

Discussion:

10. Reconsideration of Resolution No. 09-08-02, adopted August 6, 2009, opposing Proposition 16 ("The New Two-Thirds Requirement for Local Public Electricity Providers").

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Board Committee Meetings

April 13, 2010	Policy Committee	HCC*	5:00 p.m.
May 4, 2010	Finance Committee	HCC	5:00 p.m.
May 4, 2010	Strategic Planning Committee	HCC	Immediately following the Finance Committee Meeting
May 5, 2010	Integrated Resources & Customer Services Committee	HCC	5:00 p.m.

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Board of Directors' Meetings held at SMUD Headquarters Building, 6201 S Street, Sacramento

May 6, 2010	Auditorium	6:00 p.m.
May 20, 2010	Auditorium	9:00 a.m.

**Headquarters Conference Center located on the first floor of SMUD Headquarters Building, 6201 S Street, Sacramento, CA*

Members of the public wishing to inspect public documents related to agenda items may call 916-732-6857 to arrange for inspection of the documents at the SMUD Headquarters Building, 6201 S Street, Sacramento, California.

NOTE: *Accommodations are available for the disabled public. If you need a hearing assistance device or other aid, please call 916-732-6857 in advance of this Board Meeting.*