

# Memorandum

**To:** Chair Robert B. Weisenmiller  
Commissioner Karen Douglas  
Commissioner David Hochschild  
Commissioner Andrew McAllister  
Commissioner Janea A. Scott

**Date:** April 13, 2018

**From:** Drew Bohan  
Executive Director

**Subject:** APPROVAL OF A MODESTO IRRIGATION DISTRICT EMISSION PERFORMANCE STANDARD COMPLIANCE FILING

On April 10, 2018, the Modesto Irrigation District (MID) submitted the attached compliance filing requesting the Energy Commission find MID's covered procurement for power from the ARP-Loyalton Cogen LLC biomass facility compliant with the Energy Commission's Greenhouse Gases Emission Performance Standard (EPS), pursuant to Title 20 of the California Code of Regulations, Section 2900, et seq.

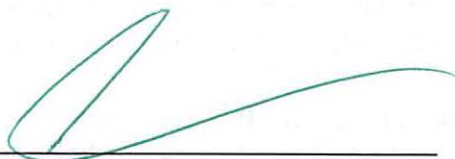
Under SB 1368 (Perata, Chapter 598, Statutes of 2006), the EPS limits long-term investments in baseload generation by the state's utilities to power plants that meet an EPS jointly established by the Energy Commission and the California Public Utilities Commission. The emission rate limit is 1,100 pounds of carbon dioxide per megawatt-hour. The EPS regulations established a public process for determining the compliance of proposed utility investments. Utilities are required to submit a compliance filing upon committing to an investment that is required to meet the EPS.

On January 23, 2018, the MID Board of Directors approved a power purchase agreement (PPA) with ARP-Loyalton Cogen LLC for a term of five years, starting on April 1, 2018. The PPA has a total capacity of 18 megawatts (MW) and MID's share is 0.994 MW (5.52 percent). The ARP-Loyalton biomass facility has been closed since August 20, 2010, but has since been refurbished to original equipment manufacturer condition and is expected to return to full commercial operation during the second quarter of 2018. The Loyalton facility is considered to be a renewable biomass power plant as it utilizes wood waste from the forest. The facility is certified under the Renewables Portfolio Standard with an RPS identification number of 60570.

MID is one of four buyers under the PPA. The other buyers are the Sacramento Municipal Utility District, the Southern California Public Power Authority, and the Turlock Irrigation District. The four buyers are procuring the power for local publicly owned electric utility compliance with SB 859 (Committee on Budget and Fiscal Review, Chapter 368, Statutes of 2016). SB 859 requires local publicly owned electric utilities serving more than 100,000 customers to procure their proportionate shares of 125 MW of cumulative rated capacity from bioenergy projects for terms of at least five years.

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Staff has evaluated MID's compliance filing and concludes that the PPA is compliant with the EPS pursuant to Section 2903(b)(2); specifically, that the biomass facility listed in the PPA utilizes only biomass fuels that would otherwise be disposed of utilizing open burning, forest accumulation, spreading, composting, uncontrolled landfill, or landfill utilizing gas collection with flare or engine. Biomass includes but is not limited to agriculture waste, wood waste, and landfill gas. Staff recommends the Energy Commission find that the covered procurement described in MID's filing complies with the Energy Commission's EPS, Title 20, Section 2900 et seq., of the California Code of Regulations.

  
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Drew Bohan  
Executive Director  
\_\_\_\_\_  
Date

Attachment

April 9, 2018

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

To whom it may concern,

This communication is to inform you that the Modesto Irrigation District (MID) entered into a multi-party contract for renewable energy with a final counter signature of April 2, 2018. The specifics of the contract are as follows:

Name of Counterparty: ARP- Loyalton Cogen, LLC  
Name of Facility: Loyalton Biomass Plant  
Location of Facility: 100 South Railroad Avenue, Loyalton, California  
Technology/Fuel: Biomass  
Nameplate Capacity: 19.9 Megawatts  
Contract Capacity: 18 Megawatts  
Product Description: As-available energy not to exceed contract capacity at any time.  
Substitute Energy Allowed  
(Yes/No): No. Contract prohibits seller from procuring energy from other sources for delivery to buyers.  
Delivery Start Date-  
Delivery End Date: Delivery commences upon achievement of commercial operation as defined in the contract and will continue for 5 years unless terminated sooner as provided in the contract terms.  
MID's share of the  
Contract capacity: 0.994 Megawatts

MID is requesting that the Commission find that this contract is compliant with the greenhouse gas emission performance standard set forth in Chapter 11 of Title 20 of the California Code of Regulations. Specifically, MID asserts herein that the facility under contract is compliant pursuant to Section 2903 (b) of the regulations.

On behalf of MID's Board of Directors I make the following attestations:

1. I am authorized by the MID Board of Directors to file this compliance filing and make the attestations herein on behalf of the Board.

2. The MID Board of Directors has reviewed and approved in a noticed public meeting both the contract with ARP-Loyalton Cogen, LLC described above and this compliance filing.
3. Based on the MID Board of Director's knowledge, information or belief, this compliance filing does not contain a material misstatement or omission of fact.
4. Based on the MID Board of Director's knowledge, information or belief, the contract complies with the Emission Performance Standard Regulations.

Sincerely,

Modesto Irrigation District



Scott Furgerson

General Manager

**STATE OF CALIFORNIA**

**STATE ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION**

***IN THE MATTER OF:***

**Modesto Irrigation District  
Emission Performance Standard  
Compliance Filing**

**Docket No. 18-EPS-01**

**I. INTRODUCTION**

Pursuant to Public Utilities Code section 8341(e)(1), the Energy Commission established a greenhouse gases emission performance standard (EPS) of 1,100 pounds carbon dioxide per megawatt hour, as codified in Title 20 of the California Code of Regulations, sections 2900 et seq. The Energy Commission is responsible for reviewing all long-term financial commitments entered into by local publicly owned electric utilities for compliance with the EPS.

**II. FINDINGS**

- a. On April 10, 2018, the Modesto Irrigation District (MID) submitted a compliance filing requesting that the Energy Commission find that MID's Power Purchase Agreement with ARP-Loyalton Cogen LLC for electricity from the Loyalton Biomass Plant be determined to be compliant with the EPS;
- b. Energy Commission staff reviewed MID's filing and found it complete. Based on its review, staff recommended that the procurement be found to be in compliance with the EPS; specifically, staff concluded that the facility listed in the PPA is determined to be compliant with the EPS under section 2903(b)(2) of the Public Resources Code; and
- c. The Energy Commission concurs with staff's recommendation that MID's compliance filing is complete and that the contract with ARP-Loyalton Cogen LLC, as described in the compliance filing, complies with the EPS.

### III. CONCLUSION AND ORDER

The California Energy Commission hereby adopts staff's recommendation and orders that the long-term financial commitment described in MID's compliance filing complies with the Energy Commission's Greenhouse Gases Emission Performance Standard, as codified in Title 20 of the California Code of Regulations, section 2900 et seq.

#### **CERTIFICATION**

The undersigned Secretariat to the Commission does hereby certify that the foregoing is a full, true, and correct copy of an order duly and regularly adopted at a meeting of the California Energy Commission held on May 9, 2018.

AYE:

NAY:

ABSENT:

ABSTAIN:

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Cody Goldthrite  
Secretariat