

Memorandum

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

Date: April 9, 2018

From: Drew Bohan
Executive Director

Subject: APPROVAL OF A SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY EMISSION PERFORMANCE STANDARD COMPLIANCE FILING

On April 2, 2018, the Southern California Public Power Authority (SCPPA) submitted the attached compliance filing requesting the Energy Commission find SCPPA'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.

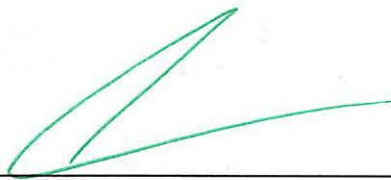
Under SB 1368 (Perata, Chapter 598, Statutes of 2006), the EPS limits long-term investments in baseload generation by the state's utilities to power plants that meet an EPS jointly established by the Energy Commission and the California Public Utilities Commission. The emission rate limit is 1,100 pounds 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 October 19, 2017, the SCPPA 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 SCPPA's share is 11.979 MW (66.55 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 currently listed as pending RPS certification with an RPS identification number of 60570.

SCPPA is one of four buyers under the PPA. The other buyers are the Modesto Irrigation District, the Sacramento Municipal Utility District, 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.

Chair Robert B. Weisenmiller
Commissioner Karen Douglas
Commissioner David Hochschild
Commissioner Andrew McAllister
Commissioner Janea A. Scott
April 9, 2018
Page 2

Staff has evaluated SCPPA'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 SCPPA's filing complies with the Energy Commission's EPS, Title 20, Section 2900 et seq., of the California Code of Regulations.



Drew Bohan
Executive Director

4.8.18
Date

Attachment



SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
1160 NICOLE COURT
GLENORA, CA 91740
(626) 793-9364 – FAX: (626) 793-9461
www.scppa.org

April 2, 2018

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

Re: EPS Compliance Filing for ARP-Loyalton Biomass Project

Dear Sir or Madam:

Please be advised that on October 19, 2017, the Board of Directors of the Southern California Public Power Authority ("SCPPA"), at a noticed public meeting, approved and authorized execution and delivery of a Power Purchase Agreement ("PPA") between SCPPA and ARP-Loyalton Cogen, LLC ("Seller") for energy, capacity and associated environmental attributes from an existing 18 MW biomass-fueled generation station located in or near Loyalton, California ("Project").

SCPPA is a joint powers agency formed in 1980 pursuant to the Joint Exercise of Powers Act (Cal. Govt. Code § 6500 *et seq.*). SCPPA is comprised of eleven cities and one irrigation district ("Members"), each of which owns and operates an electric utility within its jurisdictional boundaries.

SCPPA entered into the PPA on April 2, 2018, on behalf of four of its Members – the City of Los Angeles, the City of Anaheim, the City of Riverside, and the Imperial Irrigation District ("Participating Members") to fulfill the mandate imposed upon them pursuant to Public Utilities Code § 399.20.3, as enacted in 2016 by adoption of Senate Bill 859 (the "SB 859 Mandate"). Each Participating Member of which will receive its proportionate share of energy and capacity pursuant to individual Power Sales Agreements ("PSA's") with SCPPA. Three additional publicly-owned utilities subject to the SB 859 Mandate – the Sacramento Municipal Utilities District ("SMUD"), the Modesto Irrigation District ("MID") and the Turlock Irrigation District ("TID") – are also parties to the PPA but take their shares directly from the facility owner rather than through SCPPA. The entitlement shares of the Participating Members, SMUD, MID and TID are shown in Attachment A.

California Energy Commission
EPS Compliance
April 2, 2018
Page Two

This compliance filing is made on behalf of the Participating Members as well as for SCPPA's own account pursuant to the Commission's Emission Performance Standard ("EPS") regulations (20 CCR. § 2900 *et seq.*).

Additional information about the Project is shown on Attachment A. Attachment B includes the Agenda Report presented to the SCPPA Board of Directors for its October 19, 2017 meeting (Attachment B-1) and SCPPA Board Resolution No. 2017-098, adopted the same date (Attachment B-2). Attachment C is the attestation required by 20 CCR § 2909.

SCPPA respectfully requests that the Commission determine that the covered procurement that is the subject of this filing is compliant with the Commission's EPS regulations.

Sincerely,



Richard J. Morillo
General Counsel

Attachments

ARP-Loyalton Biomass Project

Facility Information for SB 1368 Compliance Filing

- **NAME OF UTILITIES:** The Southern California Public Power Authority ("SCPPA") has acquired a share of the ARP-Loyalton Biomass Project on behalf of four of its Members – The City of Los Angeles, the City of Anaheim, the City of Riverside, and the Imperial Irrigation District ("Participating Members"). Three additional publicly owned utilities – SMUD, MID and TID – have acquired a share of the Project pursuant to the same Power Purchase Agreement. The entitlement shares of the Participating Members, SMUD, MID and TID are shown in the following chart:

Name of Agency	Capacity (MW)	Output Share
City of Anaheim	0.806	4.48%
Imperial Irrigation District	1.491	8.28%
City of Los Angeles	8.876	49.31%
City of Riverside	0.806	4.48%
SMUD	4.221	23.45%
MID	0.994	5.52%
TID	0.806	4.48%
TOTAL	18	100.00%

This filing is made by SCPPA for its own account and on behalf of its four Participating Members. SMUD, MID and TID have filed or will file their own Compliance Filings with the Commission.

- **CONTRACT DATE:** October 19, 2017
- **NAME OF COUNTERPARTY:** ARP-Loyalton Cogen LLC
- **NAME OF FACILITY:** ARP-Loyalton Biomass Project
- **LOCATION OF FACILITY:** 100 S. Railroad Avenue, Loyalton, CA 96118
- **TECHNOLOGY/FUEL:** Biomass
- **NAMEPLATE CAPACITY OF FACILITY:** 19.9 MW
- **PRODUCT DESCRIPTION:** As-available energy not to exceed the contract capacity at any time.
- **SUBSTITUTE ENERGY ALLOWED:** No
- **DELIVERY START DATE:** April 1, 2018 (expected date of Commercial Operation)

- **DELIVERY END DATE:** The fifth anniversary of the date Commercial Operation
- **FURTHER DESCRIPTION OF TECHNOLOGY, IF NECESSARY:** None
- **FURTHER DESCRIPTION OF FACILITY OUTPUT PROFILE, IF NECESSARY:** None
- **DESCRIPTION OF CONTRACT TERMS RELATED TO THE PROVISION OF SUBSTITUTE ENERGY, IF NECESSARY:** None
- **DESCRIPTION OF OTHER RELEVANT INFORMATION AND CONTRACT TERMS:**

While the nameplate capacity of the Project facility is 19.9 MW, SCPPA and the other parties to the PPA (that is, SMUD, MID and TID) are procuring a total of just 18 MW. SCPPA's share of the contracted amount is 11.979 MW, all of which in turn is delivered to the four SCPPA Participating Members pursuant to power sales agreements in the capacity amounts shown on the chart above.

As a biomass-fueled facility, the ARP-Loyalton Biomass generation station is "determined to be compliant" with the Commission's EPS regulations pursuant to 20 CCR § 2903(b)(2). SCPPA respectfully requests that the Commission make a finding to that effect in its decision in this matter.



SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

Board of Directors Meeting

AGENDA ITEM STAFF REPORT

MEETING DATE: October 19, 2017

RESOLUTION NUMBER: 2017-098

CONSENT ☐

DISCUSSION ☒

RENEWAL ☐

NEW ☒

Place an X in box next to the appropriate consideration(s) above.

FROM:	METHOD OF SELECTION:
Finance	Competitive
Project Development	Cooperative Purchase
Program Development	Sole Source
Regulatory/Legislative	Single Source
Project Administration	Other
Legal	If other, please describe:

Place an X in box next to the appropriate consideration(s) above.

Approved By Executive Director: Michael A. Webb

INITIAL MEMBER PARTICIPANTS:		
Anaheim	Colton	LADWP
Azusa	Cerritos	Pasadena
Banning	Glendale	Riverside
Burbank	IID	Vernon

Place an X in box next to the applicable Member(s) shown above.

SUBJECT: ARP-Loyalton Cogen, LLC to provide approximately 18 MW of biomass supply of renewable electrical energy through SCPPA to its four participating Members and to three participating non-SCPPA Members, all further referred to herein together as "Participants", for the purpose of satisfying SB 859 biomass renewable electrical energy resource requirements. The four participating SCPPA Members are the City of Los Angeles acting by and through its Department of Water and Power ("LADWP"), the Imperial Irrigation District ("IID"), the City of Anaheim ("ANAHEIM"), and the City of Riverside ("RIVERSIDE"). The three participating non-SCPPA Members are the Sacramento Municipal Utility District ("SMUD"), the Modesto Irrigation District ("MID"), and the Turlock Irrigation District ("TID").

RECOMMENDATION: Authorize the ARP-Loyalton Cogen, LLC Biomass Project and authorize the negotiation, execution and delivery of the project power purchase agreement, buyers' joint project agreement, power sales agreement, and agency agreement.

ATTACHMENT B-1



BACKGROUND: In response to the mandate imposed on publicly owned utilities (POUs) by the State of California in 2016 by passage of Senate Bill 859 (SB 859), effective September 4, 2016, POUs serving more than 100,000 customers are required to procure their proportionate share of 125MWs. This resulted in 29MWs as the POUs specified amount of electric generation capacity from biomass-fueled resources utilizing high-hazard fuel-sources. SCPPA and the Participants, following a Request for Proposals issued by SCPPA on March 13, 2017, have identified a potential biomass generation resource owned and operated by ARP-Loyalton Cogen, LLC (ARP) as one of the resources. SCPPA and the Participants have negotiated and developed, in substantial form, with ARP, a power purchase agreement for the purchase and sale of 18 MW of capacity, energy and associated environmental attributes from ARP's biomass facility located in Sierra County, California. Point of delivery is the Summit 120kV Substation in the CAISO. SCPPA expects to receive energy deliveries pursuant to the power purchase agreement, one month after it is effective, approximately January 2018. The term of the power purchase agreement is five years and expected to begin upon completion of certain conditions as required under the power purchase agreement. The energy price under the power purchase agreement is fixed at \$97.50/MWh for the terms of the contract. Applicable MW share and capacity percentage of the 18 MW for each Participant is as shown in the following table:

	Capacity (MW)	% of Total Capacity
Anaheim	0.806 MW	4.48%
IID	1.491 MW	8.28%
LADWP	8.876 MW	49.31%
Riverside	0.806 MW	4.48%
SMUD	4.221 MW	23.45%
MID	0.994 MW	5.52%
TID	0.806 MW	4.48%
Total	18.00 MW	100.00%

FISCAL IMPACT: N/A

RESOLUTION NO. 2017-098

RESOLUTION RELATING TO THE ARP-LOYALTON BIOMASS PROJECT: (I) AUTHORIZING THE NEGOTIATION, EXECUTION AND DELIVERY OF (A) A POWER PURCHASE AGREEMENT AND RELATED DOCUMENTS, AGREEMENTS BY AND AMONG ARP-LOYALTON COGEN LLC, AS SELLER, AND THE SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY, THE SACRAMENTO MUNICIPAL UTILITY DISTRICT, THE MODESTO IRRIGATION DISTRICT, AND THE TURLOCK IRRIGATION DISTRICT, AS BUYERS; (B) A BUYERS' JOINT PROJECT AGREEMENT BY AND AMONG THE BUYERS; AND (C) SUCH OTHER DOCUMENTS, INSTRUMENTS AND AGREEMENTS AS MAY BE NECESSARY OR APPROPRIATE TO ADMINISTRATION OF THE PROJECT.

WHEREAS, the State of California, by passage of Senate Bill 859 (Stats.2016, c.368, eff. Sept. 14, 2016) imposed a mandate on investor-owned utilities ("IOUs") and publicly owned utilities ("POUs") serving more than 100,000 customers to each procure a proportionate share of 125 MW of electric generation capacity from biomass-fueled resources, with such proportionate shares to be determined by the California Public Utilities Commission ("CPUC"); and

WHEREAS, the CPUC, in its Resolution E-4805 dated October 13, 2016, determined that four SCPPA members (the City of Anaheim ("Anaheim"), the City of Los Angeles acting by and through its Board of Water and Power Commissioners ("LADWP"), the Imperial Irrigation District ("IID"), and the City of Riverside ("Riverside")), along with the Sacramento Municipal Utility District ("SMUD"), the Modesto Irrigation District ("MID") and the Turlock Irrigation District ("TID"), constituted those POUs in the State that serve more than 100,000 customers, and further determined that the combined share of the 125 MW statewide mandate to be allocated to them is 29 MW, with the balance of the mandated amount (96 MW) allocated to the IOUs; and

WHEREAS, SCPPA, for the benefit of the Anaheim, LADWP, IID, and Riverside (collectively, the "SCPPA Participating Members"), and working with SMUD, MID and TID, issued a Request for Proposals ("RFP") on or about March 13, 2017 to identify potential biomass generation resources to meet the SB 859 mandate, and through that process have focused on a facility known as the ARP-Loyalton Biomass Project ("the Project") located in Sierra County, California, which has a nameplate rating of 18 MW ("Facility Capacity") and is owned and operated by ARP-Loyalton Cogen LLC, a California limited liability company and an affiliate of American Renewable Power LLC.; and

WHEREAS, SCPPA, for the benefit of the SCPPA Participating Members, and SMUD, MID and TID, have negotiated and developed, in substantial final form, a Power Purchase Agreement with ARP-Loyalton Cogen LLC to facilitate the acquisition of the Facility Capacity and other rights associated with the Project for a term of five (5) years, of which SCPPA will take 11.979 MW (or 66.55% of the Facility Capacity) for the SCPPA Participating Members (the

“SCPPA Capacity Share”¹, SMUD will take 4.221 MW (or 23.45%), MID will take 0.994 MW (or 5.52%) and TID will take 0.806 MW (or 4.48%); and

WHEREAS, SCPPA, SMUD, MID and TID have negotiated and desire to enter into a Buyers’ Joint Project and Agency Agreement to establish a decision making process for them to follow as joint buyers under the Power Purchase Agreement and to designate SCPPA to act as the “Buyers’ Agent” in dealings with ARP-Loyalton Cogen LLC as contemplated in the Power Purchase Agreement; and

WHEREAS, a copy of each of the Power Purchase Agreement and the Buyers’ Joint Project Agreement have been provided to the Board in substantial final form.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Southern California Public Power Authority as follows:

1. The Power Purchase Agreement and the Buyers’ Joint Project Agreement, as presented to the Board in substantial final form, are hereby approved.

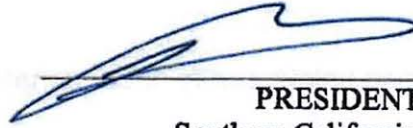
2. The Executive Director is hereby delegated the right, power and authority to negotiate and finalize, and each of the President, Vice President and Executive Director of SCPPA is hereby authorized and directed, upon the successful negotiation thereof, to execute and deliver (A) the Power Purchase Agreement, as described herein, and each of such other agreements, documents and instruments the substance or form of which are referenced in or otherwise attached to the Power Purchase Agreement and related documents or which may be contemplated by the terms of the Power Purchase Agreement and to which SCPPA is to be a party or is to sign, and (B) the Buyers Joint Project Agreement as described herein, each with such changes, insertions and omissions are hereby approved by said President, Vice President or Executive Director (such approval to be conclusively evidenced by her or his execution and delivery thereof).

3. Each of the President, Vice President, Secretary, any Assistant Secretary, the Executive Director and any other officer of SCPPA is hereby authorized to execute and deliver any and all agreements, documents and instruments and to do and cause to be done any and all acts and things deemed necessary or advisable for carrying out the transactions contemplated by this Resolution (including, but not limited to, making such changes to the agreements, documents and instruments referred to in this Resolution if such changes are determined by the President, Vice President or Executive Director to be necessary or advisable). Each reference in this Resolution to the President, Vice President, Secretary, Assistant Secretary or Executive Director shall refer to the person holding such office or position, as applicable, at the time a given action is taken and shall not be limited to the person holding such office or position at the time of the adoption of this Resolution. All actions heretofore taken by the officers, employees and agents of SCPPA in furtherance of the transactions contemplated by this Resolution are hereby approved, ratified and confirmed.

¹ The shares of the SCPPA Participating Members are: Anaheim, 0.806 MW, or 4.48%; IID, 1.491 MW, or 8.28%; LADWP, 8.876 MW, or 49.31%, and Riverside 0.806 MW, or 4.48%.

4. This Resolution shall become effective immediately.

THE FOREGOING RESOLUTION is approved and adopted by SCPPA this 19th day of October, 2017.



PRESIDENT
Southern California Public
Power Authority

ATTEST:



SECRETARY
Southern California Public
Power Authority

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 Southern California Public Power Authority (SCPPA) authorized by its governing board to sign this attestation on its behalf. (Capitalized terms used herein have the meanings given in the cover letter submitted herewith.)
2. The SCPPA Board of Directors has reviewed and approved in public meetings both the covered procurement (on October 19, 2017) and the compliance filing described above (March 15, 2018).
3. Based on the SCPPA 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 SCPPA 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. While the PPA does not contain the contractual terms specified in 20 CCR § 2909(a)(4), it does contain a warranty by the Seller that the Project is and will remain EPS Compliant for the duration of the Agreement and provides SCPPA with a right to terminate the PPA in the event of a breach of said warranty.

Executed this 15th day of March 2018, at Glendora, California.



Michael S. Webster, Executive Director
Southern California Public Power Authority

STATE OF CALIFORNIA

**STATE ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION**

IN THE MATTER OF:

**Southern California Public Power Authority
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 2, 2018, the Southern California Public Power Authority (SCPPA) submitted a compliance filing requesting that the Energy Commission find that SCPPA'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 SCPPA'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 SCPPA'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 SCPA'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:

Cody Goldthrite
Secretariat