

# Memorandum

**To:** Chair David Hochschild  
Commissioner Karen Douglas  
Commissioner Andrew McAllister  
Commissioner Patty Monahan  
Commissioner Janea A. Scott

**Date:** February 1, 2020

**From:** Drew Bohan  
Executive Director

**Subject: APPROVAL OF AN IMPERIAL IRRIGATION DISTRICT EMISSION PERFORMANCE STANDARD COMPLIANCE FILING**

On January 22, 2020, the Imperial Irrigation District (IID) submitted a compliance filing requesting the California Energy Commission (CEC) find that IID's covered procurement for geothermal energy from the proposed Hell's Kitchen PowerCo facility be determined to be compliant with the CEC's Greenhouse Gases Emission Performance Standard (EPS), pursuant to Title 20 of the California Code of Regulations, §2900, et seq.

Senate Bill 1368 (Perata, Chapter 598, Statutes of 2006) limits long-term investments in baseload generation by the state's utilities to power plants that meet an EPS jointly established by the CEC and the California Public Utilities Commission. The CO<sub>2</sub> emission rate limit is 1,100 pounds per megawatt-hour. The EPS establishes 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 7, 2020, the IID Board of Directors approved a power purchase agreement (PPA) with Hell's Kitchen PowerCo 1, LLC for a term of 25 years. The proposed 49.9 MW geothermal facility is to be located in Imperial County and scheduled to come online no sooner than July 1, 2023. The PPA has a total capacity of 40 megawatts. There is no substitute energy allowed under this agreement and the PPA requires the proposed geothermal facility to meet existing EPS regulatory requirements.

Staff has evaluated IID's compliance filing and concludes that the PPA is compliant with the EPS pursuant to §2903(b)(1); specifically, the proposed geothermal facility listed in the PPA, as currently planned, will meet the criteria of a renewable electricity generation facility as defined in Chapter 8.6 of Division 15 of the Public Resources Code and as such is determined to be compliant with the EPS. Staff recommends the CEC find that the covered procurement as described in IID's filing complies with the CEC's EPS, Title 20, §2900 et seq., of the California Code of Regulations.

Attachment: IID Letter

(Original signed by Drew Bohan, 1/31/20)

**DOCKETED**

|                         |   |
|-------------------------|---|
| <b>Docket Number:</b>   | 20-EPS-01   |
| <b>Project Title:</b>   | Emission Performance Standard   |
| <b>TN #:</b>            | 231624  |
| <b>Document Title:</b>  | Imperial Irrigation District SB 1368 EPS Compliance Filing for the Hell's Kitchen Power Purchase Agreement                            |
| <b>Description:</b>     | Imperial Irrigation District SB 1368 Emission Performance Standards Compliance Filing for the Hell's Kitchen Power Purchase Agreement |
| <b>Filer:</b>           | Sean Neal   |
| <b>Organization:</b>    | Duncan, Weinberg, Genzer & Pembroke, P.C.   |
| <b>Submitter Role:</b>  | Applicant Representative  |
| <b>Submission Date:</b> | 1/22/2020 10:41:14 AM   |
| <b>Docketed Date:</b>   | 1/22/2020   |



# IID

*A century of service.*

www.iid.com

*Since 1911*

January 21, 2020

*Via Overnight Mail and Electronic Mail*

California Energy Commission  
EPS Compliance  
1516 Ninth Street  
Sacramento, CA 95814-5512  
Attention: Compliance Filing  
[EPS@energy.ca.us](mailto:EPS@energy.ca.us)

**Re: SB 1368 Emission Performance Standards Compliance Filing for the Hell's Kitchen Power Purchase Agreement**

Pursuant to California Code of Regulations (CCR) 20 CCR § 2909, please be advised that the Imperial Irrigation District (IID), at a publicly noticed meeting, approved and authorized execution and delivery of the Power Purchase Agreement with Hell's Kitchen PowerCo 1, LLC (Agreement) for geothermal renewable energy, capacity, resource adequacy benefits, and all associated environmental attributes on January 7, 2020.

The Agreement information is as follows:

Name of Counterparty: Hell's Kitchen PowerCo 1, LLC

Facility Name: Hells' Kitchen PowerCo

Facility Location: Imperial County, California

Technology/Fuel: Geothermal energy

Nameplate Capacity of Facility: A design capacity of at least 49.9 MW (net of parasitic load), 40 MW of which will be made available for sale to IID.

Product Description: As-available energy up to Maximum Generation level, as defined in the Agreement – renewable energy.

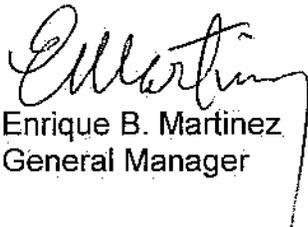
Substitute energy allowed: No substitute energy is allowed under this agreement.

Delivery Start Date: The intended, earliest Commercial Operation Date for the plant is July 1, 2023.

Delivery End Date: Twenty-five (25) years beginning on the Commercial Operation Date, expiring at the end of the last Contract Year, unless earlier terminated. There is no provision for extension of the Agreement.

Consistent with the IID Board's approval at its public meeting on January 7, 2020, IID is making this compliance filing requesting the California Energy Commission (Commission) find that this geothermal energy contract is compliant with the Greenhouse Gases Emission Performance Standard (EPS) set forth in 20 California Code of Regulations (CCR) § 2900, *et seq.* and, more specifically, 20 CCR § 2903(b)(1). 20 CCR § 2906 is not applicable since no substitute energy is allowed under this Agreement. As required by 20 CCR § 2909, information required under 20 CCR § 2908(b)(3) is attached to this compliance filing.

Sincerely,



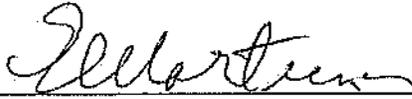
Enrique B. Martinez  
General Manager

**California Energy Commission  
Emissions Performance Standard Compliance Filing**

The Imperial Irrigation District (IID) is asking that the California Energy Commission (Commission) find that this Power Purchase Agreement (Agreement) is compliant with the greenhouse gases emissions performance standard set forth in Chapter 11 of Title 20 of the California Code of Regulations. Specifically, IID asserts herein that the facility under contract is compliant pursuant to Section §2903(b) of the regulations. 20 CCR Section §2906 is not applicable since no substitute energy is allowed under this Contract.

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

1. The IID Board of Directors has reviewed and approved in a noticed public meeting both the covered procurement and the compliance filing;
2. Based on IID's knowledge, information or belief, the compliance filing does not contain a material misstatement or omission of fact;
3. Based on IID's knowledge, information or belief, the covered procurement complies with this Article; and
4. The covered procurement described above contains contractual terms or 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 Section 2910 that the covered procurement fails to comply with this Article.



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Enrique B. Martinez  
General Manager  
Imperial Irrigation District

Date: January 21, 2020

## Attachment

### Documentation for the Covered Procurement under CCR § 2908(b)(3)

The Imperial Irrigation District (IID or Buyer) has authorized execution of a Power Purchase Agreement (Agreement) with Hell's Kitchen PowerCo 1, LLC (HKP or Seller). The Agreement provides for the purchase of power from HKP from a geothermal electric generating plant to be developed and located in Imperial County, California.

Pursuant to the California Code of Regulations (CCR) Title 20, § 2908(b)(3), the Agreement provides for the procurement of electricity from a baseload generating plant with a term of five years or greater, and the information associated with the Agreement identified in subsections (A) through (E), is provided below:

**(A) A Description of the Terms of the Renewal Power Sales Contract and Option(s) to Extend the Contract:** The Agreement approved by the IID Board of Directors is available through a URL link to the agenda of the IID January 7, 2020 Board of Directors meeting, available at:

<https://www.iid.com/government/board-meeting-documents/live-recorded-meetings>.

The Agreement provides for the purchase of power by IID from a geothermal generating plant to be developed and located in Imperial County on land owned by IID and leased to the seller/developer, HKP. The intended, earliest Commercial Operation Date for the plant is July 1, 2023. The Agreement provides for the purchase of power from a geothermal generating facility for twenty-five (25) years beginning on the Commercial Operation Date, expiring at the end of the last Contract Year, unless earlier terminated. There is no provision for extension of the Contract.

**(B) A Description and Identification of the Powerplant(s) Providing Energy Under the Contract, Including, but not Limited to, Power Generation Equipment and Fuel Type:**

The geothermal facility will include construction and installation of a geothermal electric generating powerplant with a design capacity of at least 49.9 MW (net of parasitic load), 40 MW of which will be made available for sale to IID. IID has the right of first offer to purchase Excess Energy from the facility.

**(C) A Description of the Design or Operation of the Powerplant(s) so as to Indicate Whether or not the Powerplant(s) Operates to Supply Baseload Generation:**

It is intended that the powerplant will operate as baseload load at an annualized plant capacity factor of greater than 60 percent, as defined under 20 CCR § 2901(b).

**(D) An Explanation as to how the Renewal Power Sales Contract is Compliant with the EPS:**

The plant will generate geothermal power, which, according to 20 CCR § 2903(b)(1) "meets the criteria of a renewable electricity generation facility as defined in Chapter 8.6 of Division 15 of the Public Resources Code and as specified by guidelines adopted thereunder". See also Cal. PRC § 25741. The Agreement requires the seller to ensure that the generating facility remain EPS Compliant through the term of the Agreement.

**(E) Supporting Documents or Information that Allow for Assessment of Compliance with the Standard, Including, but not Limited to, Staff Assessments and Reports to the Local Publicly Owned Electric Utility's Governing Body, Planned or Historical Production and Fuel Use Data, and Applicable Historical Continuous Emissions Monitoring Data:** Because the generating plant has yet to be constructed, there is no historical production and fuel use data, or continuous emissions monitoring data for the plant. However, for purposes of planned production, IID intends that the facility will be operated to provide renewable, geothermal power, in full compliance with the EPS and other applicable regulations. Any other staff assessments or reports made available to IID's Board of Directors are available through the URL link(s) provided in the January 7, 2020 Board agenda.

Although IID does not consider the Agreement to constitute a "new ownership investment," as defined under 20 CCR § 2901(j), as IID will not own, or have an option under the Agreement to purchase, the generating facility, IID provides the following information requested under § 2908(b)(4):

**(A) For New Construction or Purchase of an Existing Generating Unit or Powerplant, a Description and Identification of the Planned Powerplant or the Purchased Asset Specifying the Power Generating Equipment, Power Source, Such as Fuel Type, Wind, or Biomass, all Supplemental Fuel Sources, and all Available Historical Production and Fuel Use Data:** The geothermal facility will include construction and installation of a geothermal electric generating powerplant with a design capacity of at least 49.9 MW (net of parasitic load), 40 MW of which will be made available for sale to IID. IID has the right of first offer to purchase Excess Energy from the facility. The generating plant will be developed and located in Imperial County. No supplemental fuel sources are contemplated. As the plant has yet to be developed, no historical production or fuel use data is available.

STATE OF CALIFORNIA

STATE ENERGY RESOURCES  
CONSERVATION AND DEVELOPMENT COMMISSION

*IN THE MATTER OF:*

*Imperial Irrigation District  
Emission Performance Standard  
Compliance Filing*

**Docket No. 20-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, section 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 January 22, 2020, the Imperial Irrigation District (IID) submitted a compliance filing requesting that the Energy Commission find that IID's Power Purchase Agreement with Hell's Kitchen PowerCo 1, LLC for electricity from the proposed Hell's Kitchen geothermal facility be determined to be compliant with the EPS;
- b. Energy Commission staff reviewed IID'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)(1) of the Public Resources Code; and
- c. The Energy Commission concurs with staff's recommendation that IID's compliance filing is complete and that the contract with Hell's Kitchen PowerCo 1, 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 IID'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. Should the final facility design significantly change from the specifications provided in the compliance filing, IID must submit a subsequent compliance filing providing the updated information.

**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 CEC held on February 20, 2020.

AYE:

NAY:

ABSENT:

ABSTAIN:

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Cody Goldthrite  
Secretariat