

## DOCKETED

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## Memorandum

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

**Date:** February 13, 2018

**From:** Drew Bohan  
Executive Director

**Subject:** **Approval of a Sacramento Municipal Utility District Emission Performance Standard Compliance Filing**

On February 2, 2018, the Sacramento Municipal Utility District (SMUD) submitted the attached compliance filing requesting the Energy Commission find SMUD'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. This compliance filing will be an agenda item on the upcoming March 21 Business Meeting.

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.

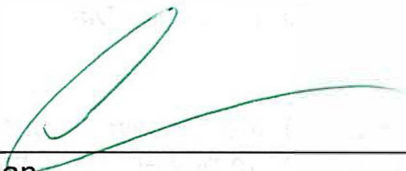
On January 23, 2018, the SMUD Board of Directors approved a power purchase agreement (PPA) with ARP-Loyalton Cogen LLC for a term of five years, starting in April 2018. The PPA has a total capacity of 18 megawatts (MW) and SMUD's share is 4.221 MW (23.45 percent). The ARP-Loyalton biomass facility has 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 in April 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.

SMUD is one of four buyers under the PPA. The other buyers are the Modesto Irrigation 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 SMUD'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 SMUD's filing complies with the Energy Commission's EPS, Title 20, Section 2900 et seq., of the California Code of Regulations.

Attachment

  
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Drew Bohan  
Executive Director

2 / 13 / 18  
Date