

DOCKETED

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Organization:	Turlock Irrigation District
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RESOLUTION NO. 2017 - 77

**RESOLUTION AUTHORIZING THE GENERAL MANAGER AND/OR ASSISTANT
GENERAL MANAGER-POWER SUPPLY TO NEGOTIATE, EXECUTE AND ADMINISTER
THE POWER PURCHASE AGREEMENT WITH ARP-LOYALTON COGEN, LLC,
AND TO PREPARE AND SIGN THE COMPLIANCE FILING AND RELATED DOCUMENTS
FOR SUBMISSION TO THE CALIFORNIA ENERGY COMMISSION**

WHEREAS, Section 399.20.3 of the California Public Utilities Code require publicly owned utilities serving more than 100,000 customers to enter into purchase power agreement ("PPA") with terms of at least five years with existing bioenergy projects for their proportionate share of the 125 MW target ("Biomass Requirement"); and

WHEREAS, the seven publicly owned utilities subject to the Biomass Requirement ("POUs") have agreed to procure jointly to minimize cost and has been actively negotiating a PPA with ARP-Loyalton Cogen, LLC ("Loyalton") who was one of the respondents to a request for proposals issued by the POU Group in March 2017; and

WHEREAS, to comply with the Biomass Requirement, the POUs desire to enter into a PPA with Loyalton; and

WHEREAS, the PPA due to its term and power source is subject to Title 20, Division 2, Chapter 11, Article 1 of the California Code of Regulations ("EPS Regulations") which prohibits long term procurement by POUs from certain power plants that exceed an established emissions performance standard; and

WHEREAS, since energy to be delivered under the PPA with Loyalton ("Loyalton PPA") will be from a biomass generating facility, pursuant to the EPS Regulations the Loyalton PPA will be compliant.

NOW, THEREFORE BE IT HEREBY RESOLVED by the Board of Directors of the Turlock Irrigation District (TID) that the General Manager and/or Assistant General Manager Power Supply and/or their designee are hereby authorized 1) to negotiate, execute, and administer the Loyalton PPA and related agreements and documents, and 2) to prepare and sign on behalf of the TID's Board of Directors the compliance filing and related documents that will be submitted to the California Energy Commission pertaining to the Loyalton PPA.

Moved by Director Frantz, seconded by Director Fernandes, that the foregoing resolution be adopted.

Upon roll call the following vote was had:

Ayes:	Directors Fernandes, Santos, Frantz, Macedo, Alamo
Noes:	Directors None
Absent:	Directors None

The President declared the resolution adopted.

I, Tami Wallenburg, Executive Secretary to the Board of Directors of the TURLOCK IRRIGATION DISTRICT, do hereby CERTIFY that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of said Board of Directors held on the 21st day of November, 2017.



Executive Secretary to the Board of
Directors of the Turlock Irrigation District



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POWER SUPPLY ADMINISTRATION

MEMORANDUM

TO: Board of Directors

DATE: November 15, 2017

PREPARED BY: Willie Manuel

RE: ARP-Loyalton Cogen, LLC PPA

Action Requested

Consider adopting a resolution that authorizes the General Manager and/or Assistant General Manager Power Supply and/or their designee 1) to negotiate, execute, and administer the ARP-Loyalton Cogen, LLC Power Purchase Agreement ("Loyalton PPA") and related agreements and documents, and 2) to prepare and sign on behalf of Turlock Irrigation District's ("TID") Board of Directors the compliance filing and related documents that will be submitted to the California Energy Commission ("CEC") pertaining to the Loyalton PPA.

Discussion

Section 399.20.3 of the California Public Utilities Code require publicly owned utilities serving more than 100,000 customers to procure its proportionate share (based on the ratio of the utility's peak demand to the total statewide peak demand) of the 125 MW target from existing bioenergy projects that gets at least 80% of its feedstock from byproducts of sustainable forestry management and at least 60% from Tier 1 and Tier 2 high hazard zones. The procurement must be for a duration of at least five years.

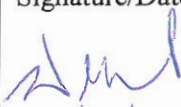
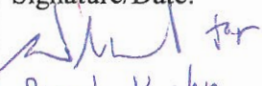
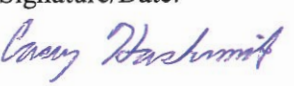
The following seven publicly owned utilities ("POUs") are required to comply with the above describe requirement: Los Angeles Department of Water and Power, Imperial Irrigation District, City of Anaheim, City of Riverside, Sacramento Municipal Utility District, Modesto Irrigation District, and TID. The POUs are required to procure in aggregate 29 MW, with TID required to procure 1.3 MW. To minimize cost, the POUs agreed to jointly procure their obligations. On behalf of the POUs, Southern California Public Power Authority ("SCPPA") issued a Request for Proposals ("RFP") on March 13, 2017 and received several proposals. ARP-Loyalton Cogen, LLC ("Loyalton") responded to the SCPPA RFP and was selected as one of the proposals to be pursued further. Since then the POUs have been negotiating the Loyalton PPA. The Loyalton PPA is for the purchase by the POUs of 18 MW of capacity, energy, and associated environmental attributes from Loyalton's biomass generating facility in Loyalton, California for five years at a fixed price of \$97.50/MWh of delivered energy. TID's obligation under the PPA is for 0.8 MW which equates to about 6,355 MWh per year.

Since the proposed Loyalton PPA has a term of five years and is supplied from a baseload generating facility, it is subject to Title 20, Division 2, Chapter 11, Article 1 of the California Code of Regulations ("EPS Regulations"). The EPS Regulations prohibits long-term investments (ownership or contracts 5 year or longer) by publicly owned utilities in baseload generating power plants that exceed the established emissions performance standard of 1,100 lbs CO₂/MWh ("EPS"). Since the energy to be delivered under the Loyalton PPA will be from a biomass power plant, pursuant to the EPS Regulations the Loyalton PPA

will be compliant. The EPS Regulations also require a compliance filing with the CEC within 10 business days of entering into a power purchase agreement that is subject to the EPS Regulations.

Recommendation

It is recommended that the Board adopt a resolution that authorizes the General Manager and/or Assistant General Manager and/or their designee 1) to negotiate, execute, and administer the Loyalton PPA and related agreements and documents, and 2) to prepare and sign on behalf of the TID's Board of Directors the compliance filing and related documents that will be submitted to the CEC pertaining to the Loyalton PPA.

Presenter Signature/Date:  11/14/17	Dept. Manager Signature/Date:	Assistant GM Signature/Date:  for Brad Koehn 11/14/17	General Manager Signature/Date:  11-15-17
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