**SMUD**SACRAMENTO MUNICIPAL UTILITY DISTRICT  
*The Power To Do More.®**P.O. Box 15830, Sacramento, CA 95852-1830; 1-888-742-SMUD (7683)*October 21, 2008  
LEG 08-0430*Via Email and U.S. Mail*California Energy Commission  
EPS Compliance  
1516 Ninth Street  
Sacramento, CA 95814-512  
Attn: Compliance Filing

DOCKET	
08-EPS-1	
DATE	OCT 21 2008
RECD.	OCT 24 2008

**Re: Compliance Filing of the Sacramento Municipal Utility District**

Pursuant to Title 20, Chapter 11, Section 2909 of the California Code of Regulations<sup>1</sup> adopted by the California Energy Commission (CEC) to implement Senate Bill SB 1368, the Sacramento Municipal Utility District (SMUD) hereby submits the attached compliance filing. Through this compliance filing, SMUD requests that the CEC find that SMUD's twelve-year agreement (PPA) with Iberdrola Renewables, Inc. for the purchase of energy, capacity attributes, and environmental attributes from a CEC pre-certified 55 MW biomass facility (Project) complies with the CEC's emission performance standard (EPS).

As way of background, in accordance with Section 2909, on October 13, 2008, SMUD sent to the CEC via email the Board agenda for SMUD's October 16<sup>th</sup> Board of Directors' meeting. The SMUD agenda contained a uniform resource locator (URL) to the materials submitted to the Board of Directors, which included information about the proposed procurement and a draft compliance filing. On October 16<sup>th</sup>, SMUD's Board of Directors approved the attached compliance filing, and authorized the General Manager to execute the compliance filing attestation and the PPA.

On October 21<sup>st</sup>, the General Manager executed the PPA. Section 2909 requires that the compliance filing be submitted to the CEC within ten business days of execution of the PPA. In light of the foregoing, SMUD has complied with the notice and timing requirements of the CEC's regulations.

<sup>1</sup> All further references are to Title 20, Chapter 11 of the California Code of Regulations, unless otherwise specified.

Section 2903(b)(1) provides that powerplants that meet the criteria of a renewable electricity generation facility, as defined by the California Renewable Portfolio Standard (RPS) legislation and guidelines adopted thereunder, are "determined to be compliant" with the EPS. The Project has been precertified by the CEC as a "renewable electricity generation facility" for the purposes of the California RPS. Accordingly, it is determined to be compliant under the CEC regulations.

SMUD remains committed to the promotion and development of renewable resources, consistent with its long-standing environmental policy objectives. We look forward to your determination that the Project complies with the EPS. Please do not hesitate to contact me, if you have any questions about the foregoing.

Sincerely,

A handwritten signature in blue ink, appearing to read "Laura Lewis".

Laura Lewis  
Senior Attorney  
Sacramento Municipal Utility District

/am  
Enclosure

**CALIFORNIA ENERGY COMMISSION  
EMISSION PERFORMANCE STANDARD COMPLIANCE FILING**

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

This is to inform you that the Sacramento Municipal Utility District (SMUD) entered into a contract for renewable energy on October 21<sup>st</sup>, 2008. The contract information is as follows:

Name of Counterparty: Iberdrola Renewables, Inc.  
Name of Facility: Simpson Tacoma Cogen.  
Location of Facility: Pierce County, Washington  
Technology/Fuel: Biomass  
Nameplate Capacity of Facility: 55 MW  
Product Description: As-available energy  
Substitute energy allowed: No  
Delivery Start Date-Delivery End Date: 12 years beginning in July 2009 and ending in June 2021.

**Further description of technology if necessary:**

The Facility is a new combined heat and power facility to be owned by the Facility Owner and located at Facility Owner's Mill Site in Tacoma, Washington. The Facility shall consist of an existing black liquor recovery boiler, an existing biomass boiler, a new Dresser Rand triple-extraction / condensing steam turbine, and other associated equipment and facilities. The Facility will utilize Biomass Fuel. The Facility will be co-fired with fossil fuel. The Facility's CEC pre-certification anticipates annual fossil fuel usage of less than 2% of total fuel inputs to Facility (HHV heat input).

**Further description of facility output profile, if necessary:**

The Facility output will provide "baseload" energy with output dependent on the operations of the on-site paper and pulp mill.

**Description of other relevant contract terms:**

SMUD is entitled to all Environmental Attributes and Capacity Attributes associated with the Metered Output of the Facility. In the event that transmission is not available to deliver the Metered Output to the Delivery Point, Seller may deliver replacement energy; provided that such replacement energy does not exceed 15% of forecasted energy production in any Contract Year. The Power Purchase Agreement (PPA) requires all energy delivered at the Delivery Point to include the Facility's California RPS

Identification Number in the NERC tag to comply with CEC out-of-state delivery requirements.

On June 11, 2008, the CEC pre-certified Tacoma Cogen as eligible for the California RPS. The PPA requires the Seller to **cause the Facility** to acquire CEC certification and maintain CEC certification throughout **the Term of the PPA**. SMUD may terminate if the Facility does not maintain CEC certification throughout the Term.

Section 3.2(j) of the PPA provides that the PPA is void and all energy deliveries shall be terminated no later than the Effective Date of any decision by the CEC pursuant to Title 20, Section 2910 of the California Code of Regulations that the covered procurement fails to comply with the emission performance standard.

We are asking that the Commission find that this PPA is compliant with the greenhouse gases emission **performance standard** set forth in Chapter 11 of Title 20 of the California Code of Regulations. Specifically, SMUD asserts herein that the Facility under contract is compliant pursuant to **Section §2903(b)** of the regulations, and that any substitute energy allowable under the contract meets the requirements of Section §2906.

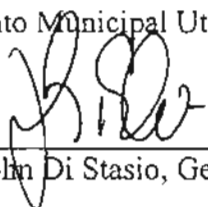
## COMPLIANCE FILING ATTESTATION

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

1. I am an agent of the Sacramento Municipal Utility District (SMUD) authorized by its governing board to sign this attestation on its behalf;
2. The SMUD Board of Directors has reviewed and approved in a public meeting both the covered procurement and the compliance filing described above;
3. Based on the SMUD Board of Directors' knowledge, information, and belief, the compliance filing does not contain a material misstatement or omission of fact;
4. Based on the SMUD Board of Directors' 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. The covered procurement contains contractual terms of 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 Title 20, California Code of Regulations, section 2910, that the covered procurement fails to comply with Title 20, Division 2, Chapter 11, Article 1, of the California Code of Regulations.

Sacramento Municipal Utility District

By:

  
John Di Stasio, General Manager & CEO

Date: October 21<sup>st</sup>, 2008