

M e m o r a n d u m

To: Chairman Karen Douglas
 Vice Chair James Boyd
 Commissioner Jeffrey Byron
 Commissioner Robert Weisenmiller
 Commissioner Anthony Eggert

Date: February 16, 2010

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 Division Office
 Electricity Supply Analysis Division

From: Melissa Jones, Executive Director
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Subject: **Northern California Power Agency Emission Performance Standard Compliance Filing**

On February 8, 2010, Northern California Power Agency (NCPA) submitted an Emission Performance Standard (EPS) compliance filing pursuant to Title 20 of the California Code of Regulations, section 2900, et seq. The long-term investment is the construction and operation of the Lodi Energy Center (LEC), a proposed 280 megawatt combined-cycle natural gas-fired electric generation facility. On January 28, 2010, NCPA entered into a long-term power sales agreement with several entities for the output of the facility, including several local publicly owned electric utilities subject to the EPS. Staff is recommending the facility be found compliant with the EPS, and that this compliance determination be extended to cover the power sales agreement as is and the addition of signatories to the agreement through February 24, 2011.

The power purchase agreement constitutes a covered procurement under the regulations. The Energy Commission must determine whether the contract is compliant with the Emission Performance Standard pursuant to Section 2902(a), which states "[t]he greenhouse gases emission performance standard (EPS) applicable to this chapter is 1,100 pounds (0.5 metric tons) of carbon dioxide (CO₂) per megawatt hour (MWh) of electricity," and Section 2903(a), which states "a power plant's compliance with the EPS shall be determined by dividing the power plant's annual average carbon dioxide emissions in pounds by the power plant's annual average net electricity production in MWh. This determination shall be based on capacity factors, heat rates, and corresponding emissions rates that reflect the expected operations of the power plant and not on full load heat rates."

The proposed project is currently in the Energy Commission's certification process as Siting Case (Docket 08-AFC-10). Energy Commission staff's Final Staff Assessment (FSA) was issued on November 30, 2009, and the Air Quality section was revised on January 28, 2010. The FSA states that "[t]he LEC project would emit approximately 0.38 metric tonnes of carbon dioxide per megawatt hour (MTCO₂/MWh). At these levels, the project would comply with the limits of SB 1368 (Perata, Chapter 598, Statutes of 2006) and the greenhouse gas Emission

Performance Standard for base load power plants seeking contracts with California's utilities." (FSA, Summary of Conclusions, p. 4.1-1) Staff does not expect the emission rate will change.