

Agenda Report

September 14, 2009

To: City Council

From: City Manager

Subject: ADOPT A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA TO APPROVE THE (1) MILFORD II WIND, (2) RASER GEOTHERMAL, AND (3) SOLAR MISSION PROJECTS FOR PURPOSES OF MEETING THE GOALS OF PASADENA WATER AND POWER'S RENEWABLE PORTFOLIO STANDARD.

RECOMMENDATION:

It is recommended that the City Council adopt a resolution to approve the (1) Milford II Wind, (2) Raser Geothermal, and (3) Solar Mission projects for the purposes of meeting the goals of Pasadena Water and Power's Renewable Portfolio Standard. These projects are exempt from the California Environmental Quality Act pursuant to State CEQA Guidelines Section 15277 (Projects located outside of California)

BACKGROUND:

On March 16, 2009, the City Council adopted the 2009 Integrated Resource Plan ("IRP") for Pasadena Water and Power ("PWP") power supply resources and a revised Renewable Portfolio Standard ("RPS"). The revised RPS calls for meeting 40% of PWP's retail electric load with renewable resources by 2020.

Pending legislation ("SB14," Simitian) seeks to impose formal requirements on publicly-owned utilities ("POU's") such as PWP to have a RPS with the goal of having 33 percent of energy supplied from renewable resources by the year 2020. SB14 further imposes a broad array of qualifications and conditions for delivery that could make it difficult to count out-of-state resources toward meeting the RPS. Without access to out-of-state resources, it will be more costly, and potentially impossible, to secure sufficient resources to meet the state goal of 33% renewables and even more burdensome to reach PWP's 40% goal.

In its current form, SB14 includes provisions that would provide a way to count out-of-state renewables in a utility's RPS where a project has been approved before September 16,

2009. Staff, therefore, seeks City Council approval of the following projects so that they may be counted toward meeting PWP's RPS in the event SB14 becomes law:

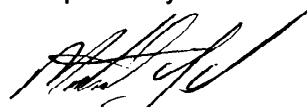
1. **Milford Wind Corridor Phase II Project:** A Utah wind energy project developed on 9,500 acres of land, with a proposed nameplate capacity of 103 MW, located in Beaver and Millard Counties, Utah, to be developed by First Wind Holding, Incorporated. This Project is initially contemplated to be owned and administered by Milford Wind Corridor Phase II, LLC, an affiliate of First Wind Holding, Incorporated. The Power Purchase Agreement relating to the facility is anticipated to provide for potential purchase options. The interconnection point for this project will be the Intermountain Generating Station in Delta, Utah. The estimated commercial operation date is April 2010.
2. **Raser Geothermal Generation Project:** A Utah geothermal project with a proposed nameplate capacity of approximately 111 MW located in Beaver and Iron Counties, Utah, which is currently being developed by Raser Technologies, Incorporated and will be initially administered, owned and operated by affiliates of Raser Technologies, Incorporated. The Power Purchase Agreements are anticipated to provide various prepayments and purchase options. The Project is currently being developed in two separate phases, with phase one having three sub-phases. The interconnection point for this Project shall be, depending upon the ultimate development of two alternative transmission paths, either at Mona, Utah or at the Intermountain Generating Station in Delta, Utah. The estimated commercial operation date is December 2011.
3. **Solar Mission Project:** An Arizona Solar Tower project under development with a proposed nameplate capacity of approximately 200 MW to be located in western Arizona in La Paz County. The facility is being developed by Solar Mission Technologies, Incorporated and EnviroMission (USA) Incorporated. The interconnection point for this project is anticipated to be at the Marketplace Substation. The estimated commercial operation date is March 2013.

PWP, along with other members of the Southern California Public Power Authority ("SCPPA"), is currently in negotiations with the respective developers of each of these potential resources. Each was submitted in response to renewable resource requests for proposals solicited by SCPPA. As is typical with resources procured by PWP through SCPPA, SCPPA would enter into long-term contracts to purchase the output of these projects from the developers, and PWP would then enter into long-term contracts to purchase its share of the energy from SCPPA. If all of these projects ultimately are developed and produce as planned, they would account for up to approximately 22% renewable resources for Pasadena.

FISCAL IMPACT:

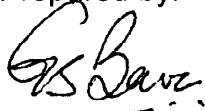
The energy from these renewable resource projects is expected to increase the average energy rate, which is part of the total electric cost, from its current 8 cents per kWh to approximately 10 cents per kWh. These projects are amongst the most competitively priced and feasible proposals today. The costs of qualifying renewable resources will likely increase substantially in the future should SB14 become law in its current form. PWP's share of costs associated with these projects would be recovered in the Energy Charge component of PWP's electric energy rates.

Respectfully submitted,



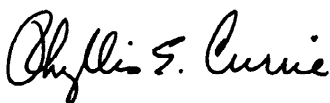
MICHAEL J. BECK
City Manager

Prepared by:



Gurcharan S. Bawa
Assistant General Manager Power Supply
Water and Power Department

Approved by:



General Manager
Water and Power Department

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA TO APPROVE THE (1) MILFORD II WIND, (2) RASER GEOTHERMAL, AND (3) SOLAR MISSION PROJECTS FOR PURPOSES OF MEETING THE GOALS OF PASADENA WATER AND POWER'S RENEWABLE PORTFOLIO STANDARD.

WHEREAS, on October 13, 2003, the City Council adopted a Renewable Portfolio Standard ("RPS") for Pasadena Water and Power ("PWP"), which as subsequently amended on March 16, 2009, establishes a goal for PWP to supply 40% of its retail energy load from renewable energy sources by 2020. The establishment of an RPS was in accordance with California Public Utilities Code Section 387 ("Section 387"), as enacted by the Legislature in 2002 by passage of Senate Bill 1078.

WHEREAS, there is proposed state legislation ("Senate Bill 14") that, if enacted, would repeal Section 387 and require locally owned public utilities ("POU"), such as PWP, to acquire energy produced from eligible renewable resources and would set forth the parameters upon which out-of-state renewable generation may be credited to meet eligible RPS procurement goals mandated by SB 14.

WHEREAS, Senate Bill 14 also provides for a POU to receive renewable energy credits for renewable energy acquisitions for which a POU's governing board has given project approval prior to September 16, 2009, and utilize such credits toward meeting its RPS procurement goals.

WHEREAS, it is the desire and intent of the City Council, based upon the recommendation of the City Manager, that the following described projects be approved for purposes of meeting the PWP's procurement goals established in the RPS:

1. The Milford Wind Corridor Phase II Project: A Utah wind energy project developed on 9,500 acres of land with a proposed nameplate capacity of 103 MW located in Beaver and Millard Counties, Utah, to be developed by First Wind Holding, Incorporated;
2. The Raser Geothermal Generation Project: A Utah geothermal project with a proposed nameplate capacity of approximately 111 MW located in Beaver and Iron Counties, Utah, which is currently being developed by Raser Technologies, Incorporated and will be initially administered, owned and operated by affiliates of Raser Technologies, Incorporated; and,
3. The Solar Mission Project: An Arizona Solar Tower project under development with a proposed nameplate capacity of approximately 200 MW to be located in western Arizona in La Paz County. The facility is being developed by SolarMission Technologies, Incorporated and EnviroMission (USA) Incorporated.

NOW, THEREFORE, BE IT RESOLVED the Milford Wind Corridor Phase II Project, the Raser Geothermal Project and the Solar Mission Project, each as described above, are hereby approved and shall be counted towards PWP's procurement goals for renewable energy established by the RPS.

Adopted at the regular meeting of the City Council of the City of Pasadena on the

_____ day of _____, 2009, by the

following vote:

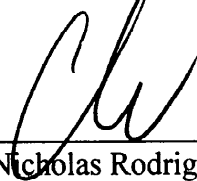
AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED AS TO FORM:

 9/10/09

Nicholas Rodriguez
Assistant City Attorney