

EXHIBIT 5-A

WA AGENDA–Power Purchase Agreement- 14 August 2014

FROM: Executive Director Cullem

SUBJECT:

Receive report, discuss, and provide direction on the power purchase agreement between Cal Am and the Monterey Regional Waste Management District (MRWMD).

RECOMMENDATION:

It is recommended that the Water Authority Board receive a report on the status of negotiations between Cal Am and the Monterey Regional Waste Management District (MRWMD) for renewable electrical power for the Desalination (Desal) facility.

DISCUSSION:

With support from the Water Authority, Cal Am and the staff of the MRWMD have diligently worked on a term sheet and power purchase agreement to allow Cal Am to acquire between 3.5 and 4.5 megawatts of renewable electrical power for the Desal facility from the landfill. An electrical power study, funded by Cal Am, determined how best to provide power "over the fence" and what equipment would be required.

The power purchase agreement that the MRWMD currently has with PG&E expires this fall, and the District needs to obtain new customers for that power now. Unfortunately, the current schedule for a CPCN decision by the CPUC prevents Cal Am from entering into a purchase agreement at this time.

However, an agreement was reached by which MRWMD will seek short-term (3-5 year) customers for its power allowing Cal Am to be considered as a longer term customer in the 2017-2019 time frame. That will provide sufficient time for the Desal permitting process to be completed, the CPCN issued, and for construction to advance far enough along for Cal Am to be able to enter into a power purchase agreement and actually utilize the renewable power. The attached staff report to the MRWMD board seeking approval to advertise for power sales provides a good summary of the situation.

EXHIBIT:

A-MRWMD Staff Report on RFP for Renewable Power dated July 11, 2014

U:\staff\MPWSP\Governance\cmte\2014\20140917\item5ExhA.docx



Memorandum

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Reviewed by: lmm

General Manager

Date: 7.11.14

DATE: July 11, 2014

TO: General Manager

FROM: Assistant General Manager

SUBJECT: Issuance of a Request for Proposals for the Sale of Renewable Power

RECOMMENDATION: That the Board authorize issuance of a Request for Proposals for the sale of 8.2 megawatts of Renewable Power generated from the Landfill Gas to Energy Facility.

BACKGROUND

The District presently produces bundled renewable electricity and renewable energy credits (RECs) from the 5-megawatt (MW) Landfill Gas (LFG) Power Plant located on site in Marina, CA. The current Power Sales Agreement (PSA) for this is set to expire on February 28, 2015. In a parallel effort, the District is in the process of obtaining a new interconnection agreement with local utility PG&E for the ability to produce an additional up to 3.2 MWs of LFG power in subsequent years. This would bring the District's total LFG power production up to 8.2 MWs in future years. In order to finalize this new interconnection agreement, the District must make a decision regarding anticipated power sale strategy for this new generation by September 2014.

DISCUSSION

District consultant Brennen Jensen has been working with staff to explore options for sale of the District's renewable power produced from LFG, to include the existing 5 MWs (minus what the District uses on-site) plus an additional 3.2 MW of new power to be produced from LFG. The District's current PSA (for 5 MWs) expires early in 2015. The additional 3.2 MWs is anticipated to be phased in over time in two subsequent phases, based on actual availability of LFG following the full installation of the permanent flare already underway. The first phase anticipates the installation of 1.6 MWs within 18-24 months. The second phase anticipates an additional 1.6 MW within five years. At this time, the District is exploring options for a multi-year agreement for the sale of this power, associated Renewable Energy Credits (RECs), and associated green attributes as summarized below:

1. Marina LFG Facility (Up to 5 MWs, available beginning March 1, 2015)
 - Bundled Renewable Electricity and Renewable Energy Credits (Bucket 1)
 - Associated Green Attributes
2. Marina LFG Facility (Additional up to 3.2 MWs; installed in two phases, planned availability beginning in 2016)
 - Bundled Renewable Electricity and Renewable Energy Credits (Bucket 1)
 - Associated Green Attributes

One of the options for selling the District's power in the future, is to sell 5 MWs (more or less) "over the fence" to the proposed CalAm Desalination Plant. On June 23rd, staff met with CalAm representative Ian Crooks, and with Monterey Peninsula Regional Water Authority Executive Director Jim Cullem to allow each to provide a status update. CalAm has continued interest to purchase the District's renewable power. Mr. Crooks reported that their draft EIR will be released in August 2014, and final EIR approval is anticipated for February 2015. CalAm would consider discussing a PPA in November or so of 2014 and could possibly finalize a PPA by March 2015, if there are no delays in the EIR approval process. CalAm would not be prepared to accept power from the District for at least three to five years, or more. This timing does not integrate well with the District's need to respond to ongoing PG&E requirements to add additional generating capacity and to replace the soon to expire PPA. The CalAm representative has indicated that CalAm is supportive of this approach by the District and they plan to attend the Board meeting to voice that support.

Issuance of a RFP for the sale of 8.2 MWs of renewable power generated from the LFG to Energy Facility will help to ascertain what opportunities are currently present within the marketplace for the existing and anticipated LFG to energy power production, following the expiration of the current PSA.

FINANCIAL IMPACT

There is no financial impact to this request. Following the completion of the RFP process, staff will recommend actions based on the responses provided. The RFP does not commit the District to entering into any agreement with any responding party.

STRATEGIC PLAN

This item is in line with the Renewable Energy Production Policy within the strategic plan.

CONCLUSION

It is recommended that the Board authorize the issuance of a RFP for the sale of 8.2 MWs of renewable power generated from the LFG to Energy Facility. Proposals will be due on August 15, 2014 and a staff report and recommendation is anticipated for the August or September Board meeting.


Tim Flanagan

Monterey Regional Waste Management District

Request for Proposals for the Purchase of Renewable Electricity, Renewable Energy Credits and Related Green Attributes at

*Monterey Regional Waste Management District
(Marina, CA)*

BACKGROUND

The **Monterey Regional Waste Management District (District)** is an award-winning 62-year-old Special District and Joint Powers Authority (JPA), covering 853 square miles, representing eight member agencies and comprising seventeen communities on the Monterey Peninsula from Moss Landing to Big Sur. The District provides services to populations across the four counties of Monterey, Santa Cruz, San Benito and Santa Clara. The District's mission is to provide the highest quality, cost-efficient, integrated waste management services to the greater Monterey Peninsula, while preserving the environment and protecting the public health through the reduction, reuse, recycling, and safe disposal of the region's waste stream. The award winning agency has adopted and implemented a multitude of innovative and integrated programs and policies over its extensive history, resulting in such prestigious recognitions as:

- ☆ **Best Solid Waste System in North America** by Solid Waste Association of North America (SWANA), 1998
- ☆ **Gold Excellence Award** for Landfill Gas Utilization by SWANA, 2007

A pioneer in Landfill Gas (LFG) to Renewable Energy, the District established one of the first such plants in the nation in 1983. For over 30 years, the District has practiced continued innovation in LFG capture and beneficial utilization. The District currently generates 5MW of LFG renewable energy, and is in the process of expanding the current plant to increase generation an additional 3.2 MW over the next several years. The District further has a long-standing *Renewable Energy Production Policy* as a core objective within their current strategic plan. As part of this continued commitment, the District also launched the first in California dry fermentation anaerobic digester (AD) in 2013, using SmartFerm technology to convert food scrap organics into Renewable Energy and high-quality soil amendment.

The District presently produces bundled renewable electricity and renewable energy credits (RECs) from the 5MW LFG Power Plant located on site in Marina, CA. The current Power Sales Agreement for this set to expire on February 28, 2015. **The District is exploring options for a multi-year agreement for the sale of the following products:**

1. Marina LFG Facility (Up to 5MW, available beginning March 1, 2015)
 - Bundled Renewable Electricity and Renewable Energy Credits (Bucket 1)
 - Associated Green Attributes
2. Marina LFG Facility (Additional up to 3.2MW; installed in two phases, planned availability beginning in 2016)
 - Bundled Renewable Electricity and Renewable Energy Credits (Bucket 1)
 - Associated Green Attributes

The District is seeking Proposals for the purchase of any or all of these products for any duration of time. Interested parties should express their interest including additional buyer requirements in their response.

LFG PSA RFP DRAFT

Responses that include creative options to maximize District revenue will also be considered. Responses to this Request for Proposals shall be used as the basis to enter into negotiations with selected respondents.

TENTATIVE SCHEDULE:

July 18, 2014	RFP Release Date
August 15, 2014	Proposals Due
September 12, 2015	Complete Proposal Review, Select Best Candidate(s), Begin Interviews and/or Negotiations
December 22, 2014	Finalize Agreement(s) for Renewable Power Sales with selected Candidate(s)
January 16 (23), 2015	New PSA brought before MRWMD Board for final approval Jan 2015
February 28, 2015	Existing PSA Expires
March 1, 2015	New PSA Effective Date

SUMMARY OF REQUEST:

Power:	LFG Renewable Energy
Supplier:	Monterey Regional Waste Management District Reliable supplier of LFG renewable energy for over 30 years
Supply Available:	Up to 8.2 MW— 5 MW, available immediately upon start date March 1, 2015; Additional up to 3.2 MW available shortly thereafter in two phases: (1.6 MW by 2016 + 1.6 MW anticipated circa 2020).
Term of Agreement:	3-5 year term desirable, with option to extend (March 1-2015 to February 28, 2018/2020); Proposers may submit terms of any length as terms of shorter or longer duration will be considered based on responses received.
Product Available:	Bundled Renewable Power & Renewable Energy Credits (Bucket 1) and Associated Green Attributes
Agreement Start Date:	March 1, 2015

INTERESTED PARTIES

Interested parties should respond to this notice with a brief proposal providing the following minimum information, including any additional buyer requirements:

1. Company Name and Primary Contact Information including: Name, Address, Phone, and Email.
2. Company Qualifications
3. Products of Interest
4. Desired Term
5. Breakdown Price Offering
6. Identify All Other Terms requested in PSA (Especially those which may affect Price Paid)

LFG PSA RFP DRAFT

7. Other Considerations, or Creative Offerings

SUBMISSION INSTRUCTIONS:

Proposals are due **Friday August 15, 2014 @ 4pm PST**. Proposals can be mailed, emailed or hand-delivered.

Submit proposals to:

Mail Delivery: Monterey Regional Waste Management District
Attn: Becky Aguilar, Administrative Support Supervisor
PO Box 1670
Marina, CA 93933

Email Delivery: Please email submissions to both:
Becky Aguilar, Administrative Support Supervisor
baguilar@mrwmd.org
Tim Flanagan, Assistant General Manager
tflanagan@mrwmd.org

Hand-Delivery: Monterey Regional Waste Management District
Attn: Becky Aguilar, Administrative Support Supervisor
14201 Del Monte Blvd
Marina, CA 93933
[Note, site gates close at 4pm; proposals due by 4pm]

ADDITIONAL INFORMATION:

Additional facility information is available upon request. Please contact Brennen Jensen at bjensen@emergingecologies.com or (831) 917-3720. Site visits can be arranged if requested.