



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Adopt Resolution Approving the Interim Agreement for NCPA Geothermal Projects Numbers 2 and 3 Transfers of Renewable Energy Certificates (RECs) and Authorizing Execution by the City Manager and Administration by the Electric Utility Director with Authority to Sell RECs under the Direction of the Risk Oversight Committee

MEETING DATE: December 15, 2010

PREPARED BY: Electric Utility Director

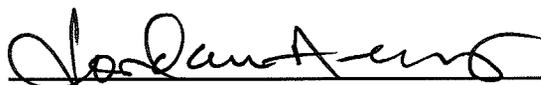
RECOMMENDED ACTION: Adopt a resolution approving the Interim Agreement for NCPA Geothermal Projects Numbers 2 and 3 Transfers of Renewable Energy Certificates (RECs) and authorizing execution by the City Manager and administration by the Electric Utility Director with authority to sell RECs under the direction of the Risk Oversight Committee.

BACKGROUND INFORMATION: The City of Lodi Electric Utility Department (EUD) is a participant in the Northern California Power Agency (NCPA) Geothermal Projects Numbers 2 and 3 (Projects). The Renewable Energy Certificates (RECs) associated with the Projects are currently held by NCPA. In order to transfer ownership of the RECs associated with EUD's percentage participation in the Projects a transfer agreement between NCPA and the City is required. A REC is the renewable aspect of "green" power resources, not the capacity or energy. In order to sell RECs, ownership is required.

At this time NCPA has not developed a permanent policy regarding the transfer of RECs to the participants of NCPA projects. Therefore, an interim agreement for the transfer of RECs from August 2010 through December 2010 for the Project was approved on October 28, 2010 by the NCPA Commission. Staff recommends the City Council adopt a resolution to approve the attached interim agreement.

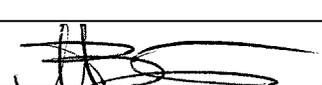
FISCAL IMPACT: There is no additional cost to EUD for NCPA to transfer RECs via the Interim Agreement. There is potential revenue from the sale of RECs transferred to EUD.

FUNDING AVAILABLE: Not applicable.


 Jordan Ayers
 Deputy City Manager/Internal Services Director


 Elizabeth A. Kirkley
 Electric Utility Director

APPROVED: _____


 Konradt Bartlam, City Manager

RESOLUTION NO. 2010-217

A RESOLUTION OF THE LODI CITY COUNCIL APPROVING THE INTERIM AGREEMENT FOR NORTHERN CALIFORNIA POWER AGENCY GEOTHERMAL PROJECTS NUMBERS 2 AND 3 TRANSFERS OF RENEWABLE ENERGY CERTIFICATES (RECS) AND AUTHORIZING EXECUTION BY THE CITY MANAGER AND ADMINISTRATION BY ELECTRIC UTILITY DIRECTOR WITH AUTHORITY TO SELL RECS UNDER THE DIRECTION OF THE RISK OVERSIGHT COMMITTEE

WHEREAS, the City of Lodi Electric Utility Department (EUD) is a participant in the Northern California Power Agency (NCPA) Geothermal Projects Numbers 2 and 3 (Project); and

WHEREAS, the Renewable Energy Certificates (RECs) associated with the Project are currently held by NCPA and in order to transfer the RECs belonging to the City a transfer agreement between NCPA and the City is required; and

WHEREAS, NCPA has not developed a permanent policy regarding the transfer of RECs to NCPA project participants, therefore an interim agreement was approved by the NCPA Commission on October 28, 2010, for the transfer of RECs from August 2010 through December 2010 for the Project.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby approve the Interim Agreement for NCPA Geothermal Projects Numbers 2 and 3 Transfers of Renewable Energy Credits as attached; and

BE IT FURTHER RESOLVED that the City Manager or his designee is hereby authorized and directed to execute said agreement; and

BE IT FURTHER RESOLVED that the Electric Utility Director or her designee is hereby authorized to administer said agreement; and

BE IT FURTHER RESOLVED that the Electric Utility Director or her designee is hereby authorized to sell RECs under the direction of the Risk Oversight Committee.

Dated: December 15, 2010

I hereby certify that Resolution No. 2010-217 was passed and adopted by the City Council of the City of Lodi in a regular meeting held December 15, 2010, by the following vote:

AYES: COUNCIL MEMBERS – Hansen, Mounce, Nakanishi, and Mayor Johnson

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – Katakian

ABSTAIN: COUNCIL MEMBERS – None


RANDI JOHL
City Clerk

INTERIM AGREEMENT FOR
NCPA GEOTHERMAL PROJECTS NUMBERS 2 AND 3
TRANSFERS OF RENEWABLE ENERGY CERTIFICATES

Participant: *City of Lodi*

Period: Entire months of August through December 2010

1. NCPA is in the process of developing a permanent policy regarding the transfer of Renewable Energy Certificates ("RECs") from NCPA projects to project participants. Participant and NCPA agree that the terms and conditions of this interim letter agreement ("Agreement") are made solely for the purpose of facilitating the transfer of a limited set of RECs prior to the adoption of a permanent policy and associated "Permanent Transfer Agreement" regarding the transfer of RECs from NCPA to project participants. The terms and conditions of this Agreement are specific to this Agreement and have no precedential value as to the development of the terms or conditions that are ultimately included in the permanent policy or associated "Permanent Transfer Agreement".

2. Participant has a Project Entitlement Percentage of [Insert Project Participation Percentage] of the Project Capacity and Energy from NCPA Geothermal Projects Numbers 2 and 3 ("Project"). Project Capacity and Energy includes, but is not limited to, all renewable and environmental attributes associated with the production of electricity from a renewable energy resource, commonly referred to as Renewable Energy Certificates ("RECs").

3. Participant hereby requests NCPA and NCPA agrees to electronically transfer into Participant's Western Renewable Energy Generation Information System ("WREGIS") account its pro-rata share, in whole megawatts, based on Project Entitlement Percentage, of the WREGIS certificates attributable to the generation of the Project for the time period specified above.

4. Such transfer shall be evidenced by the transfer of the Project RECs as electronically recorded in NCPA's "WREGIS" account to the WREGIS account of the Participant. NCPA acknowledges that Participant has provided NCPA with documentation of the Participant's WREGIS account. Should any regulatory or other entity require additional or alternate means to evidence the transfer of the Project RECs to the Participant, NCPA will cooperate to meet that entity's requirements.

5. NCPA agrees that the Participant owns all rights and title to its pro-rata share of Project RECs based on its Project Entitlement Percentage, and such rights and title are transferable and available for resale by the Participant. NCPA further agrees that, unless directed by the Participant in writing, it will not sell to third parties the Participant's pro-rata share of the Project RECs.

6. Participant agrees to pay for its proportionate share of NCPA's costs to carry out NCPA's REC transfer process for the Project (including WREGIS registration fees and certificate transfer costs) for the above time period.

7. Participant agrees to reimburse NCPA for NCPA's reasonable costs to respond to any investigation by WREGIS, CPUC, or any other regulatory or enforcement agency having jurisdiction as to the validity of any transferred Project REC under this letter agreement by NCPA to Participant. If more than the Participant's Project REC transfers are being investigated, NCPA agrees that all such costs shall be proportionately allocated among the Project REC transfer participants based upon the total number of Project RECs under investigation.

8. Participant agrees to reimburse NCPA for NCPA's reasonable costs of responding to any claim brought by a non-regulatory/non-enforcement third party concerning the Project RECs transferred under this letter agreement from NCPA to Participant. NCPA agrees that the Participant shall be in charge of the defense of any such claim if the Participant so elects.

9. If any Project REC transferred by NCPA to the Participant is later determined by WREGIS, CPUC, or any other regulatory or enforceable agency having jurisdiction to be invalid or inaccurate for any reason, including, but not limited to, revised meter data, Qualified Reporting Entity ("QRE") errors or WREGIS errors, Participant agrees to remedy the problem at

10. Participant's expense. NCPA agrees that the Participant shall be in charge of remedying the problem if the Participant so elects unless the problem also involves other participants, in which case, the affected participants shall be

responsible for remedying the problem. If the invalidity or inaccuracy was caused by an error by NCPA, then NCPA agrees to remedy the problem at NCPAs expense as a Project cost. Costs and losses caused by any error committed by NCPA, net of any applicable insurance, may be allocated by NCPA to all participants in NCPAs REC transfer process for the Project in the same manner as the costs are allocated to all participants pursuant to Section 6 above.

11. Participant agrees not to transfer, assign, sell or exchange any Project RECs, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would result in any of the Project Bonds being treated as an obligation not described in Section 103(a) of the Internal Revenue Code of 1954, as amended, by reason of classification of such Bond as an "industrial development bond within the meaning of Section 103(b) of said Code.

12. NCPA makes no representations as to whether the Project RECs qualify for or meet any renewable portfolio standards, renewable energy standards, or any other renewable type standard. NCPA is making the Project RECs available AS IS. It is the Participant's responsibility to verify whether the Project RECs will qualify for California, Federal, or other renewable requirements.

Approved:

Konradt Bartlam, City Manager

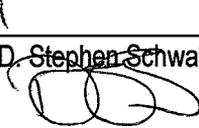
Date

Approved:

James H. Pope, General Manager

Date

Approved as to Form:



D. Stephen Schwabauer, City Attorney

ATTEST:

Randi Johl, City Clerk

Project Participant	Project Percentage
Alameda	16.8825%
Biggs	0.2270%
Gridley	0.3360%
Healdsburg	3.6740%
Lodi	10.2800%
Lompoc	3.6810%
Palo Alto	
Plumas Sierra	0.7010%
Roseville	7.8830%
Santa Clara	44.3905%
Turlock	6.3305%
Ukiah	5.6145%
	100.0000%