



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution Authorizing the City Manager to Execute an Electric Standby Service Agreement with General Mills, Inc.

MEETING DATE: July 17, 2013

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: Adopt a resolution authorizing the City Manager to execute an electric standby service agreement with General Mills, Inc.

BACKGROUND INFORMATION: Electric standby service agreements are common between electric utilities and large commercial and industrial customers. Standby service agreements provide commercial and industrial customers with a reliable, back-up energy insurance policy, in the event that their privately-owned generator fails or is down for any given reason (maintenance, etc.). Conversely, the standby service agreement provides the electric utility with financial guarantees from the customer in the event the privately-owned generator is not running and the customer needs to purchase electricity from the utility.

In reviewing the published electric utility rate schedules, staff ascertained that the existing cogeneration facility owned and operated by General Mills does not comply with the current Electric Standby Service (SS) rate tariff. Following extensive research, staff located two contracts with General Mills that involved the customer's cogeneration facility. Both contracts have expired.

The SS rate schedule is available only on a contractual basis for each specific service connection point to commercial/industrial customers who own electric generating facilities. Each contract term shall be for the service life of the customer-owned generator and shall obligate the customer to pay for Standby Power Service and Standby Peak Period Demand Charges for the contract term. The contract shall provide that, if service is cancelled prior to expiration of the contract period, the customer shall pay the total Standby Power Service Charges for the unexpired term of the contract and any outstanding Standby Peak Period Demand Charges.

Staff, in concert with General Mills staff, has developed a standby service agreement which ensures compliance with the current SS rate tariff. The contract in Attachment A requires General Mills to provide the City of Lodi with regular cogeneration plant forecasts. These monthly forecasts will insulate the City from any significant power acquisition expenses due to operational changes from the General Mills cogeneration facility. General Mills will benefit during peak period hours when minor operational variances occur affecting their peak period demand charges.

FISCAL IMPACT: The fiscal impact cannot be determined at this time; it will be directly related to variances in the customer's operations compared to their forecasts and the electric energy market price fluctuations at the time.

FUNDING: Not applicable.

APPROVED: _____


Konradt Bartlam, City Manager



Elizabeth A. Kirkley
Electric Utility Director

PREPARED BY: Rob Lechner, Business Development Manager

EAK/RSL/lst

Standby Power Service and Peak Period Demand Charge Agreement

This Standby Power Service and Peak Period Demand Charge Agreement (“Agreement”) is entered into by and between the City of Lodi (through its Electric Utility Department) and General Mills Operations, LLC this __ day of ____, 2013.

- A. Whereas General Mills Operations, LLC owns and operates a processing plant in Lodi California (the “Plant”); and
- B. Whereas General Mills Operations, LLC operates a 3 megawatt electric generator (the “Private Generator”) that, together with the City of Lodi Electric Utility (“LEU”) provides power for the operation of the Plant; and
- C. Whereas General Mills Operations, LLC is obligated to pay for Electrical Service from the City of Lodi pursuant to LEU Rate Schedule I1 and Schedule I1 includes charges for the two separate consumption measures of 1) Energy Use and 2) Demand (Demand includes Peak Period Demand and Billing Period Demand); and
- D. Whereas General Mills Operations, LLC desires to have the LEU provide a third electric service by standing by to meet its need for electricity in the event that General Mills Operations, LLC elects to run or not run the Private Generator in contravention of the forecast called for in paragraph A.2, of this Agreement (such electricity shall be referred to herein as “Standby Power”); and
- E. Whereas the LEU is subject to significant cost exposure when it must provide this third Standby Power service on the spot market because it cannot forecast and plan for General Mills Operations, LLC’s need for Standby Power.
- F. Whereas, General Mills Operations, LLC is exposed to Peak Period Demand Charges under LEU Rate Schedule I1 in the event that it is required by market, labor, mechanical or other forces to power down the Private Generator Monday through Friday 3 p.m. to 7 p.m. every week excluding Holidays as defined in Schedule I1 (“Peak Hours”).

NOW THEREFORE, The Parties Agree as follows:

A. STANDBY POWER SERVICE

- 1. This Standby Power Service Agreement is provided pursuant to LEU Rate Schedule SS. The Service provided under this Agreement shall be in addition to any other schedule applicable to General Mills Operations, LLC. However, the rate adjustments called for in this Agreement shall only be applied when all of the following conditions apply:
 - a. The closing price of power for the month of consumption, on the last traded day of the month prior to the month of consumption, is either twenty-five percent (25%) higher or lower than the closing price for power for that same month of consumption on the date of the forecast called for in paragraph A.2 of this Agreement (“Forecast”). Power

prices will be measured for purposes of this calculation as indicated by Intercontinental Exchange (ICE) NP 15 Forward Wholesale Electric Power Baseload Offer Price as shown in this Agreement as Appendix A; and

- b. As a result of General Mills Operations, LLC deviation from its Standby Forecast LEU is required to purchase power that was not in its portfolio or sell power that was in its portfolio as further set forth in paragraphs A.4 and A.5 of this Agreement.
2. General Mills Operations, LLC shall provide the Electric Utility Department with a written rolling three month forecast indicating whether it will run or will not run the Private Generator. The notice shall be provided by email to the Electric Utility Director, Rates and Resources Manager, and Business Development Manager. The notice shall be provided on the first working day of each month. LEU shall send a confirmation email to sender at General Mills Operations, LLC by the end of normal business hours on the fourth business day of each month indicating that the forecast has been received, accepted, and includes the applicable number for Step 1 for the forecasted months. In the event General Mills Operations, LLC fails to provide this forecast, the forecast will be deemed to project that General Mills Operations, LLC will not run the Private Generator.
3. The forecast provided to LEU shall be in the format set forth in Appendix B which is attached hereto and incorporated herein by reference.
4. In the event that LEU is required to purchase power that was not in its portfolio on the applicable forecast date to meet energy needs for General Mills Operations, LLC because General Mills Operations, LLC chooses not to run the Private Generator in contravention of its forecast, General Mills Operations, LLC will pay LEU, as part of its Upcoming Bill Cycle, the full cost to LEU to supply the additional power, minus any payments made for Energy Charges and ECA charges called for in Schedule I1 applicable to this portion only of General Mills Operations, LLC's load. In this case the contract price will be the most recent ICE Quote Sheet at the beginning of the active month plus all applicable transmission access charges, plus 2% for losses. The relevant Standby Forecast for determining costs under this Agreement shall be the forecast supplied by General Mills Operations, LLC that was three months prior to the need for the Standby Power; in other words, General Mills Operations, LLC shall be responsible for any Standby Power costs that result from General Mills Operations, LLC running or not running the Private Generator in contravention of its forecast. As used in this Agreement, Upcoming Bill Cycle shall mean the bill cycle that falls within 90 days after the applicable service period. Examples of how the LEU will calculate the full cost to LEU to supply the additional power are attached as Appendix C.
5. In the event LEU is required to purchase power that was not in its portfolio on the applicable forecast date to meet General Mills Operations, LLC projected energy needs, and General Mills Operations, LLC elects to run the Private Generator in contravention of the applicable forecast, General Mills Operations, LLC will pay LEU, as part of its Upcoming Bill Cycle, the full cost

to LEU to acquire the unused power, less any credit for LEU's resale of the unused power. Examples of how the LEU will calculate the full cost to LEU to acquire the unused power are attached as Appendix C.

B. PEAK PERIOD DEMAND CHARGE POWER SERVICE

1. This Peak Period Demand Charge Power Agreement is provided pursuant to and amends LEU Rate Schedule I1. The Service provided under this Agreement shall be in addition to any other schedule applicable to General Mills Operations, LLC. The Peak Period Demand Charge element of Schedule I1 (not the Billing Period Demand element) will not be charged for energy consumed by General Mills Operations, LLC as a result of the Private Generator not running unless General Mills Operations, LLC does not run the Private Generator within at least 80% of its Peak Demand Forecast called for in Paragraph B2 of this Agreement for the periods that the Private Generator was actually forecast to run. (This calculation is intended to give General Mills Operations, LLC relief from aberrational Peak Period Demand that is the result of occasional variances from their Peak Demand Forecast.) Billing Period Demand charges will remain unaltered from the method described in Schedule I1. Peak Period Demand charges called for in Schedule I1 will be applied to load that General Mills Operations, LLC cannot serve with its forecasted generation. (In other words, if General Mills Operations, LLC forecast calls for the Private Generator to run, and General Mills Operations, LLC draws an additional peak load of 1 megawatt from LEU, General Mills Operations, LLC will have a Peak Period Demand charge for that one megawatt). Examples of how the Peak Period Demand charge will be calculated are attached as Appendix D.

2. General Mills Operations, LLC shall provide the Electric Utility Department with a written rolling three month forecast indicating whether it will run the Private Generator at 100% of max output during the Peak Period ("Demand Forecast"). The Demand Forecast shall be provided by email to the Electric Utility Director, Rates and Resources Manager, and Business Development Manager. The notice shall be provided on the first business day of each month. LEU shall send a confirmation email to sender at General Mills Operations, LLC by the end of normal business hours on the fourth business day of each month indicating that the forecast has been received and accepted. In the event General Mills Operations, LLC fails to provide this forecast, the forecast will be deemed to project that General Mills Operations, LLC will not run the Private Generator. The relevant Demand Forecast for determining whether the credit will be applied under this Agreement shall be the Demand Forecast supplied by General Mills Operations, LLC that was three months prior to the need for the Demand Service; in other words, General Mills Operations, LLC shall be responsible for all Demand Charges called for in Schedule I1 if it does not forecast its need to use the Demand Service at least three months in advance.

3. The forecast provided to LEU shall be in the format set forth in Appendix B which is attached hereto and incorporated herein by reference.

C. GENERAL TERMS

1. In the event that LEU is to pass any costs associated with General Mills Operations, LLC running or not running the Private Generator in contravention of the applicable forecast, LEU will provide to General Mills Operations, LLC a detailed explanation of how the associated costs were derived.

2. Force Majeure

Failure to Perform. A "Force Majeure Event" shall be an Act of God, war, a terrorist attack, or riots or other reasons of a like nature not the fault of, or under the reasonable control of, the party delayed in performing work or doing acts required hereunder. In the event that either party hereto shall be delayed, hindered in or prevented from the performance of any act required hereunder by reason of a Force Majeure Event, then performance of such act(s) shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equal to the period of such delay, provided such delayed party gives prompt written notice to the other party of the occurrence giving rise to the delay. Each party shall commence performance promptly upon the cessation of the Force Majeure Event. Notwithstanding the foregoing or any other provision of this Agreement, if either party is unable to resume performance within thirty (30) days after a Force Majeure Event, then the other party shall have the right to immediately terminate this Agreement without penalty.

3. This Agreement will be in force for the operational life of the Private Generator. However, the parties agree to reopen the Agreement for further good faith negotiations in the event market conditions render the current structure of the Agreement incapable of achieving its stated purpose of insulating the City of Lodi from losses incurred as a result of the operation of the Private Generator in contravention of the Forecast. Further, General Mills Operations, LLC may terminate this Agreement at the end of the initial or any subsequent one-year term, by removing the Private Generator from service. However, any re-commissioning of or construction of a new Private Generator shall be subject to an agreement as required by the Lodi Municipal Code.

IN WITNESS WHEREOF, the City of Lodi, California and General Mills Operations, LLC, have executed this Agreement as of the date July 17, 2013.

CITY OF LODI, a municipal corporation

ATTEST:

RANDI JOHL-OLSON, City Clerk

KONRADT BARTLAM, City Manager

APPROVED AS TO FORM:

General Mills Operations, LLC:

D. STEPHEN SCHWABAUER, City Attorney
JANICE D. MAGDICH, Deputy City Attorney

By: _____


By: _____

Name:

Title:

Appendix A

Intercontinental Exchange (ICE) NP 15 Forward Wholesale Electric Power Baseload Offer Price

NP15 Forward Wholesale Electric Prices

6/24/2013	NP15	HLH	LLH	Baseload	SuperPk**
Jul-13	Bid	\$49.50	\$36.00	\$43.70	
	Offer	\$50.75	\$37.75	\$45.16	\$58.36
Aug-13	Bid	\$55.00	\$41.00	\$48.98	
	Offer	\$56.75	\$43.25	\$50.95	\$61.29
Sep-13	Bid	\$40.75	\$31.75	\$36.88	
	Offer	\$42.75	\$34.25	\$39.10	\$44.89
Q3-13	Bid	\$48.50	\$36.75	\$43.23	
	Offer	\$50.00	\$37.50	\$45.06	\$55.00
Q4-13	Bid	\$44.25	\$33.25	\$41.24	
	Offer	\$46.25	\$40.00	\$43.56	\$48.56
Q1-13	Bid	\$42.25	\$38.25	\$41.10	
	Offer	\$44.25	\$41.50	\$43.78	\$50.51
Q2-14	Bid	\$38.00	\$26.00	\$32.84	
	Offer	\$40.50	\$29.50	\$35.77	\$42.12
YR14	Bid	\$44.00	\$33.00	\$39.27	
	Offer	\$46.75	\$36.75	\$42.45	\$48.62
YR15	Bid	\$46.25	\$34.25	\$41.09	
	Offer	\$49.50	\$38.75	\$44.88	\$54.45
YR16	Bid	\$50.00	\$36.75	\$44.30	
	Offer	\$53.50	\$41.25	\$48.23	\$58.85

****Defined as HE13-HE20, annual values represent Q3**

Appendix B

Three-Month Rolling Forecast

City of Lodi Private Generator Three-Month Rolling Forecast													
Customer:		General Mills Operations, LLC											
Account Number:		0007664-6											
Name of person completing this form:		_____											
Phone Number:		() _____											
Date:		_____											
<small>This sheet, when completed by the customer, is for LEU's use in determining if the customer will run or will not run the Private Generator. The notice shall be provided on the first business day of each month. The notice shall be provided by e-mail to the Electric Utility Director, Rates and Resources Manager, and Business Development Manager. On-peak hours as defined in LEU Schedule 1-1.</small>													
Private Generator Forecast - Calendar Month													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Comments
On-Peak Hours	NA	NA	NA	NA							NA	NA	
Total Hours													

Appendix B
 Three-Month Rolling Forecast

Appendix C (1 of 3)

STANDBY CONTRACT BILLING EXAMPLE

STEP 1 - Determine the most recent ICE Quote Sheet at the time of the relevant General Mills Operations, LLC cogen forecast. ICE Quote Sheets are currently updated each Wednesday.

STEP 2 - Determine the most recent ICE Quote Sheet at the beginning of the active month. Compare this ICE Quote Sheet with the ICE Quote Sheet determined in **STEP 1**. If rates (Baseload Offer rates) in this ICE Quote Sheet are within 25% of the ICE Quote Sheet determined in **STEP 1**, no bill is rendered.

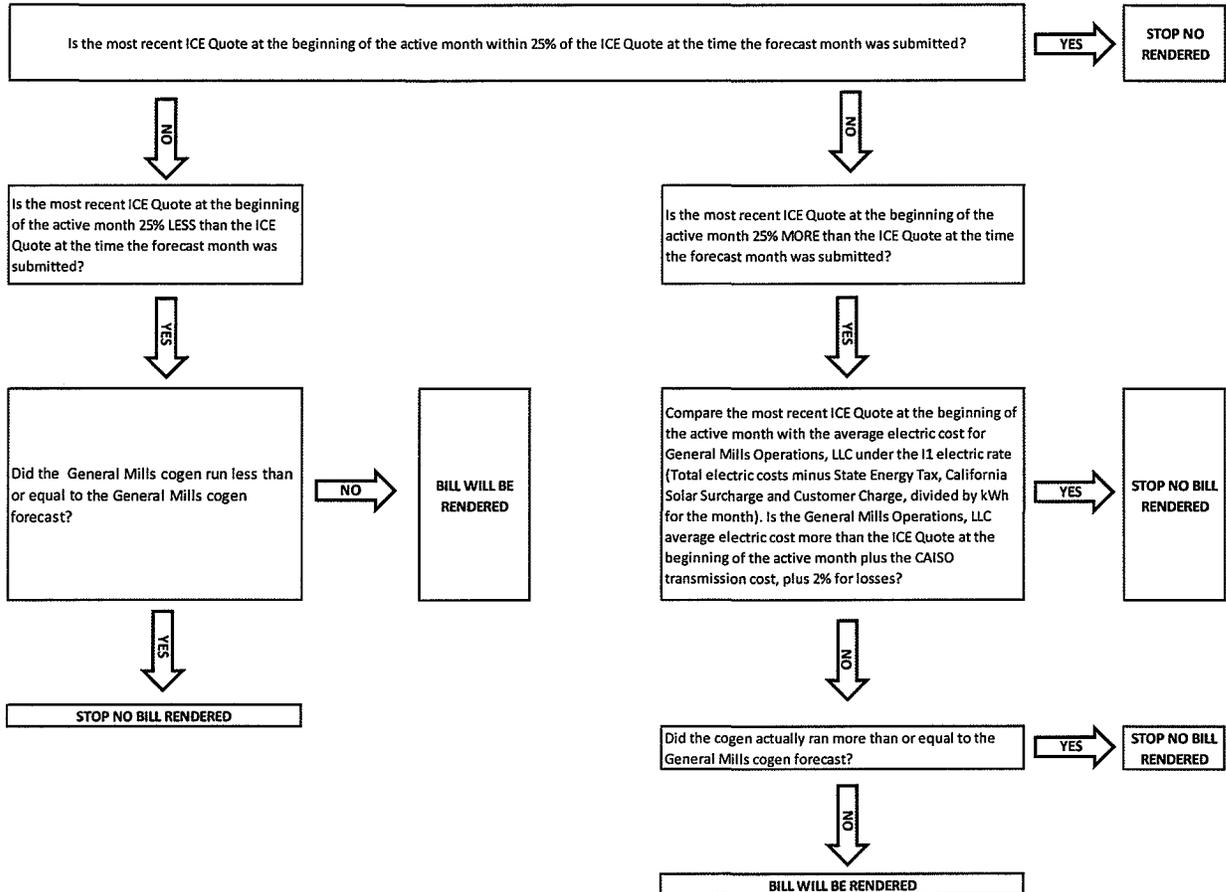
STEP 3A - (If needed) If the rate in **STEP 2** was 25% *more* than the rate in **STEP 1**, compare the ICE Quote Sheet rate determined in **STEP 2** with average electric cost for General Mills Operations, LLC under the I1 electric rate (Total electric costs minus State Energy Tax, California Solar Surcharge and Customer Charge, divided by kWh for the month). If General Mills Operations, LLC average electric cost is *more* than the ICE Quote Sheet rate determined in **STEP 2**, plus the CAISO transmission cost, plus 2% for losses, no bill is rendered.

STEP 3B - (If needed) If the average electric cost for General Mills Operations, LLC is *less* than the ICE Quote Sheet rate as determined in **STEP 3A**, the General Mills Operations, LLC cogen forecast is then compared with the General Mills Operations, LLC actual cogen run for the month. If the cogen actually ran more than or equal to the General Mills Operations, LLC cogen forecast, no bill is rendered. If the General Mills Operations, LLC cogen ran less than forecast, a bill will be rendered for the lesser of **1)** the difference between the actual cogen run and the General Mills Operations, LLC cogen forecast, or **2)** the energy Lodi purchased during the active month. That difference will be multiplied by the ICE Quote Sheet rate determined in **STEP 2**, plus the CAISO transmission rate, plus 2% for losses, minus the General Mills Operations, LLC average electric cost calculated above.

STEP 4 - (If needed) If the rate in **STEP 2** was 25% *less* than the rate in **STEP 1**, the General Mills Operations, LLC cogen forecast is compared with the General Mills Operations, LLC actual cogen run for the month. If the cogen ran less than or equal to the General Mills Operations, LLC cogen forecast, no bill is rendered. If the General Mills Operations, LLC cogen ran more than forecast, a bill will be rendered for the lesser of **1)** the difference between the actual cogen run and the General Mills Operations, LLC cogen forecast, or **2)** the energy Lodi sold during the active month. That difference will be multiplied by the difference between the ICE Quote Sheet rate at beginning of the active month and the ICE Quote Sheet rate determined in **STEP 1**. Rates will not include CAISO transmission costs or transmission losses, nor provide any credit for the average electric cost for General Mills Operations, LLC under the I1 electric rate.

Appendix C (continued 2 of 3)

STANDBY CONTRACT BILLING EXAMPLE
Standby Contract Billing Example Flow Chart



Appendix C (continued 3 of 3)

Examples of how the LEU will calculate the full cost to LEU to supply the additional power and/or how the LEU will calculate the full cost to LEU to acquire the unused power

General Mills Operations, LLC cogen forecast	Sep-2013
On Peak Hours	NA
Total Hours	388
General Mills Operations, LLC cogen actual	Jan-2013
On Peak Hours	NA
Total Hours	388
90 day ICE trade points at the time of the relevant General Mills Operations, LLC cogen forecast.	Sep-2013
	\$ 52.50
ICE close	Sep-2013
	\$ 45.60
CASIO	Sep-2013
	\$ 9.25

STEP 1 - Determine the most recent ICE Quote Sheet at the time of the relevant General Mills Operations, LLC cogen forecast. ICE Quote Sheets are currently updated each Wednesday.

\$	52.50
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STEP 2 - Determine the most recent ICE Quote Sheet at the beginning of the active month. Compare this ICE Quote Sheet with the ICE Quote Sheet determined in STEP 1. If rates (Baseload Offer rates) in this ICE Quote Sheet are within 25% of the ICE Quote Sheet determined in STEP 1, no bill is rendered.

\$	45.60
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Are the rates (Baseload Offer rates) in this ICE Quote Sheet within 25% of the ICE Quote Sheet determined in STEP 1?

\$39.38
+/- 25% range
\$65.63

Is the rate in (STEP 2) 25% more than the rate in STEP 1

NO

Is the rate in (STEP 2) 25% less than the rate in STEP 1

NO

STEP 3A - (If needed) If the rate in STEP 2 was 25% more than the rate in STEP 1, compare the ICE Quote Sheet rate determined in STEP 2 with average electric cost for General Mills Operations, LLC under the I1 electric rate (Total electric costs minus State Energy Tax, California Solar Surcharge and Customer Charge, divided by kWh for month). If General Mills Operations, LLC average electric cost is more than the ICE Quote Sheet rate determined in STEP 2, plus the CAISO transmission cost, plus 2% for losses, no bill is rendered.

The General Mills Operations, LLC average electric cost	\$ 231,867.70
Electric cost from August 31 to September 30, 2012	\$ 128.13
Customer charge (minus)	\$ 2,293.59
CAISO surcharge (minus)	\$ 532.11
taxes (minus)	\$ -
EDR (minus)	\$ -
Total	\$ 228,913.87
total kWh	1,834,872
\$/kWh	\$ 0.12476
General Mills Operations, LLC average electric cost \$/mWh	\$ 124.76

ICE Quote Sheet rate determined in STEP 2 plus the CAISO transmission cost, plus 2% for losses, no bill is rendered.	\$ 55.95
ICE Quote Sheet rate determined in STEP 2	\$ 45.60
CAISO transmission cost	\$ 9.25
2% for losses	\$ 1.10

Is the General Mills Operations, LLC average electric cost is more than the ICE Quote Sheet rate determined in STEP 2, plus the CAISO transmission cost, plus 2% for losses?

Yes NO BILL RENDERED

Is the average electric cost for General Mills Operations, LLC is less than the ICE Quote Sheet rate as determined in STEP 3A?

NO

STEP 3B - (If needed) If the average electric cost for General Mills Operations, LLC is less than the ICE Quote Sheet rate as determined in STEP 3A, the General Mills Operations, LLC cogen forecast is then compared with the General Mills Operations, LLC actual cogen run for the month. If the cogen actually ran more than or equal to the General Mills Operations, LLC cogen forecast, no bill is rendered. If the General Mills Operations, LLC cogen ran less than forecast, a bill will be rendered for the lesser of 1) the difference between the actual cogen run and the General Mills Operations, LLC cogen forecast, or 2) the energy Lodi purchased during the active month. That difference will be multiplied by the ICE Quote Sheet rate determined in STEP 2, plus the CAISO transmission rate, plus 2% for losses, minus the General Mills Operations, LLC average electric cost calculated above.

Cogen forecast (mWh)	1164
Cogen actual (mWh)	1164
Cogen actual (mWh) - Cogen forecast (mWh)	0
Has the cogen actually ran more than or equal to the General Mills Operations, LLC cogen forecast?	Yes
ICE Quote Sheet rate determined in STEP 2, plus the CAISO transmission cost, plus 2% for losses (mWh)	\$ 55.95
ICE Quote Sheet at the beginning of the active month (mWh)	\$ 45.60
CAISO transmission rate (mWh)	\$ 9.25
2% for losses	\$ 1.10
General Mills Operations, LLC average electric cost (mWh)	\$ 124.76
ICE Quote - General Mills Operations, LLC average electric cost (mWh)	\$ (68.81)
BILL RENDERED	NO BILL RENDERED

STEP 4 - (If needed) If the rate in STEP 2 was 25% less than the rate in STEP 1, the General Mills Operations, LLC cogen forecast is compared with the General Mills Operations, LLC actual cogen run for the month. If the cogen ran less than or equal to the General Mills Operations, LLC cogen forecast, no bill is rendered. If the General Mills Operations, LLC cogen ran more than forecast, a bill will be rendered for the lesser of 1) the difference between the actual cogen run and the General Mills Operations, LLC cogen forecast, or 2) the energy Lodi sold during the active month. That difference will be multiplied by the difference between the ICE Quote Sheet rate at beginning of the active month and the ICE Quote Sheet rate determined in STEP 1. Rates will not include CAISO transmission costs or transmission losses, nor provide any credit for the average electric cost for General Mills Operations, LLC under the I1 electric rate.

Cogen forecast (mWh)	1164
Cogen actual (mWh)	1164
Cogen actual (mWh) - Cogen forecast (mWh)	0
Has the cogen actually ran more than or equal to the General Mills Operations, LLC cogen forecast?	Yes
the ICE Quote Sheet rate at beginning of the active month and the ICE Quote Sheet rate determined in STEP 1 (mWh)	\$ 52.50
BILL RENDERED	NO BILL RENDERED

Examples of how the Peak Period Demand charge will be calculated

General Mills Operations, LLC cogen forecast	Jan-2012	Feb-2012	Mar-2012	Apr-2012	May-2012	Jun-2012	Jul-2012	Aug-2012	Sep-2012	Oct-2012	Nov-2012	Dec-2012
On Peak Hours	NA	NA	NA	NA	40	89	92	108	68	68	NA	NA
Total Hours	388	275	429	309	292	429	347	374	388	388	374	309

General Mills Operations, LLC cogen actual	Jan-2013	Feb-2013	Mar-2013	Apr-2012	May-2012	Jun-2012	Jul-2012	Aug-2012	Sep-2012	Oct-2012	Nov-2012	Dec-2012
On Peak Hours	NA	NA	NA	NA	40	89	92	108	68	68	NA	NA
Total Hours	325	318	510	328	131	429	324	387	400	400	289	332

Cogen forecast On Peak Hours	NA	NA	NA	NA	52	89	92	108	68	68	NA	NA
Cogen actual On Peak Hours	NA	NA	NA	NA	40	89	92	108	68	68	NA	NA
Percent run during Summer Peak Hours	#VALUE!	#VALUE!	#VALUE!	#VALUE!	77%	100%	100%	100%	100%	100%	#VALUE!	#VALUE!
	#VALUE!	#VALUE!	#VALUE!	#VALUE!	DEMAND PENALTY	NO DEMAND PENALTY	#VALUE!	#VALUE!				

RESOLUTION NO. 2013-133

A RESOLUTION OF THE LODI CITY COUNCIL
AUTHORIZING THE CITY MANAGER TO EXECUTE AN
ELECTRIC STANDBY SERVICE AGREEMENT WITH
GENERAL MILLS, INCORPORATED

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WHEREAS, City of Lodi staff has determined that the existing General Mills, Incorporated cogeneration facility does not comply with the current Electric Standby Service (SS) rate tariff; and

WHEREAS, to ensure compliance with the SS rate tariff, a customer who owns a generation facility must sign a contract for purposes of operating such a facility; and

WHEREAS, City staff, in partnership with General Mills staff, has developed an appropriate standby service agreement, which complies with the current SS rate tariff and requires General Mills to provide a monthly cogeneration plant operating forecast; and

WHEREAS, this monthly operating forecast will insulate the City from any significant power acquisition expenses due to operational changes from the General Mills cogeneration facility, and General Mills will benefit during peak period hours when minor operational variances occur affecting its peak period demand charges.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby authorize the City Manager to execute an electric standby service agreement with General Mills, Incorporated.

Dated: July 17, 2013

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I hereby certify that Resolution No. 2013-133 was passed and adopted by the City Council of the City of Lodi in a regular meeting held July 17, 2013, by the following vote:

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

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – Hansen

ABSTAIN: COUNCIL MEMBERS – None



RANDI JOHL-OLSON
City Clerk