

STAFF REPORT
Lancaster Power Authority

PA NB 2
06/28/11
MVB

Date: June 28, 2011

To: Chairman Parris and Lancaster Power Authority Members

From: Robert C. Neal, Director of Public Works

Subject: **Master Solar Power Purchase and Sale Agreement between Lancaster Power Authority and US Topco Energy, Inc. to Develop Photovoltaic Solar Generation Facilities**

Recommendation:

Approve and authorize the Executive Director to execute the Master Solar Power Purchase and Sale Agreement with US Topco Energy, Inc. to develop photovoltaic solar generation facilities on various City owned properties to be identified.

Fiscal Impact:

The Lancaster Power Authority (LPA) shall provide the initial property site of approximately 25 acres (to be identified) for US Topco Energy, Inc.'s use in constructing a 7.5 megawatt Generation Facility at no cost to US Topco Energy, Inc. during the Term of the Agreement. LPA shall retain ownership of the property. In accordance with the terms and conditions of the SCE California Renewable Energy Small Tariff (CREST) Program, the LPA will receive 12% of the CREST Program revenue from US Topco Energy, Inc. For the initial 7.5 megawatt project, it is estimated that LPA will receive \$3.9 million over the 20-year term of the Agreement.

Background:

City staff has been working closely with US Topco Energy, Inc. to develop an energy partnership that will allow for the further development and construction of solar facilities. The attached Master Solar Power Purchase and Sale Agreement sets the groundwork for the initial 7.5 megawatt CREST project and allows for future projects up to 200 megawatts. Prior to implementation, specific projects would be brought back for City Council approval with identified sites, and negotiated Power Purchase Agreements.

The CREST Program was established by SCE through the California Public Utilities Commission as a way to purchase renewable energy from various energy producers at set prices, terms, and with less regulatory process.

Attachment:

Master Solar Power Purchase and Sale Agreement

SAD:cmm