

**STAFF REPORT**  
**Lancaster Power Authority**

PA NB 2
07/12/11
MVB

Date: July 12, 2011

To: Chairman Parris and Power Authority Members

From: Robert C. Neal, Director of Public Works

Subject: **Memorandum of Understanding and Power Purchase Agreement with Morgan Solar Inc. for a Concentrated Photovoltaic Solar Generation Facility**

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**Recommendation:**

Approve a Memorandum of Understanding (MOU) and Power Purchase Agreement (PPA) with Morgan Solar Inc. (Morgan) to work cooperatively to design and construct a 140 kilowatt concentrated photovoltaic solar generation facility on City owned property located at the Lancaster National Soccer Center and authorize the City Manager to enter into a 20-year PPA for the electricity produced.

**Fiscal Impact:**

The MOU and PPA does not obligate the Lancaster Power Authority (LPA) to financial outlay. Morgan will place an initial deposit of \$56,150 to reimburse the LPA for actual staff time and contracted services. The PPA's contracted energy price is \$0.06481/kWh with an annual escalation of 0%. The estimated savings is approximately \$15,000 after the first year and a total estimated savings of \$490,000 over the term of the 20-year Agreement. The cost savings were calculated assuming a Southern California Edison annual escalation factor of 5%.

**Background:**

Morgan is a Canadian company with an intriguing set of concentrated photovoltaic technologies that has the potential to dramatically lower the cost of solar power generation. On September 14, 2010, the City Council authorized the City Manager to negotiate and execute an option to lease agreement with Morgan for the development of a two to five megawatt concentrated photovoltaic solar generation facility on City owned land adjacent to the Lancaster National Soccer Center.

Morgan still desires to establish a long-term relationship with the LPA and would like to continue with plans of constructing a 140 kilowatt commercial test facility next to the main pumping station at Lancaster National Soccer Center and feed the power into the existing electrical meter. Under this Agreement, design and construction would be at no cost to the LPA and the power generated would be sold to the LPA for about half of what SCE currently charges. In exchange, the City would provide to Morgan the use of a 2-acre parcel of land to construct, test, and showcase its technology. Additionally, there is language in the MOU that discusses the on-going discussions to develop a solar energy facility on approximately 25

acres of land west of the Soccer Center. Pursuant to the MOU, Morgan will still have an option to lease, provided however, they submit a Development Agreement to LPA by July 31, 2011. If the Development Agreement is submitted, staff anticipates obtaining LPA Board approval by September 27, 2011.

CJL:lcs

**Attachment:**

Memorandum of Understanding and Power Purchase Agreement