

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

PA NB 1
12/13/11
MVB

Date: December 13, 2011

To: Chairman Parris and Lancaster Power Authority Members

From: Jason Caudle, Deputy City Manager

Subject: **Master Solar Power Purchase and Sale Agreement between Lancaster Power Authority and Beautiful Energy, LLC (BE) to Develop Photovoltaic Solar Generation Facilities**

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**Recommendation:**

Approve and authorize the Executive Director to execute the Master Solar Power Purchase and Sale Agreement with BE to develop photovoltaic solar generation facilities on various properties throughout the City.

**Fiscal Impact:**

It is anticipated that this agreement and relationship will create substantial positive cash flows for the operation and maintenance of approved facilities. Exact revenue projections will be determined upon execution of an implementation agreement with BE. The City Council will be asked at a future meeting to approve such agreement.

**Background:**

As a result of the City Council authorizing the establishment of the LPA, City staff has been working diligently to identify and establish relationships with solar developers to advance the construction and development of solar generating facilities in the community. City staff has been actively seeking new opportunities, and in some cases are furthering discussions with developers who are interested in expanding their existing generation capacity in Lancaster. Beautiful Earth Group, LLC is an example of these opportunities. Beautiful Energy, LLC is a wholly-owned subsidiary of Beautiful Earth Group, LLC. The parent company, Beautiful Earth Group, has previously entered into an MOU with the City of Lancaster to advise the City in its pursuit to become a “Net Zero City” and launch the Smart Sister City program. That program is progressing as planned. Beautiful Earth Group’s subsidiary, Beautiful Energy, LLC, is developing an approved 22 megawatt solar generating facility within the Lancaster city limits.

Mayor Parris and City staff have been working closely with Beautiful Energy, LLC to develop an energy partnership that will allow for the further development and construction of solar facilities. The partnership consists of the City working with Beautiful Energy, LLC to develop

and finance solar projects with the intent to sell the power on a wholesale basis to other utilities. As we progressed with study and investigation of the opportunities, it became apparent that a more formal relationship should be established. A Master Agreement between the LPA and Beautiful Energy, LLC will allow the City to implement a financing strategy for up to 50MW of power and further the LPA's goals of selling locally-generated renewable electricity to municipal utilities throughout the state of California. The attached agreement provides a framework for that partnership, with an Implementation Agreement to follow as more details, and potential energy purchasers are identified.

It also commits Beautiful Energy, LLC to take existing projects from pre-construction development to construction to commercial operations. Beautiful Energy, LLC has an approved project, Del Sur Solar, in advanced stages of development in the Lancaster city limits. This project is identified in the Master Agreement as Phase I (22 MW).

Any future agreements or projects, including the pending implementation agreement between the City and Beautiful Energy, LLC will be presented to the Council for consideration.

**Attachment:**

Master Solar Power Purchase and Sale Agreement