

STAFF REPORT
Lancaster Power Authority

PA CC 1
7/24/12
MVB

DATE: July 24, 2012

TO: Chairman Parris and Lancaster Power Authority Members

FROM: Jason Caudle, Deputy City Manager

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

Recommendation:

Approve an amendment to the Lancaster Power Authority's Master Solar Power Purchase and Sale Agreement with Beautiful Energy, LLC (BE). This amendment will extend the exclusivity period between the LPA and BE through May 31, 2013.

Fiscal Impact:

None at the present time. It is anticipated that this agreement will generate substantial positive cash flows for the operation and maintenance of approved solar generation facilities. Revenue projections will be determined upon execution of an implementation agreement with BE, which will go before the City Council for approval at a future meeting.

Background:

Under the leadership of Mayor Parris, the Lancaster Power Authority has developed a strong relationship with Beautiful Earth Group, LLC and Beautiful Energy, LLC, a wholly owned subsidiary of Beautiful Earth Group. 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. Beautiful Energy, LLC, is developing an approved 22 megawatt (MW) solar generating facility within the Lancaster city limits.

To continue building this mutually beneficial relationship, the LPA entered into a Master Solar Power Purchase and Sale Agreement with BE on December 13, 2011 to develop and finance up to 50 MW of solar projects with the intent to sell the power generated on a wholesale basis to other utilities throughout the State of California. Included in this agreement is an "Exclusive Relationship" clause in which the LPA commits not to enter into a prepaid power purchase agreement under similar terms for renewable energy facilities which generate greater than 1 MW in capacity. This amendment merely extends the exclusivity period through May 31, 2013 to allow both parties to continue current discussions with potential offtakers, or clients for the

renewable energy generated, as well as to conduct additional marketing and negotiate power purchase agreements.

JC:cd

Attachment:

Amendment No. 1 to the Master Solar Power Purchase and Sale Agreement