

STAFF REPORT
Lancaster Power Authority

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08/28/12
MVB

Date: August 28, 2012

To: Chair Parris and Power Authority Members

From: Jason Caudle, Deputy City Manager

Subject: **Revised Master Solar Power Purchase and Sale Agreement between Lancaster Power Authority and Morgan Solar USA, Inc., to Develop Photovoltaic Solar Generation Facilities**

Recommendation:

Approve the Revised Master Solar Power Purchase and Sale Agreement with Morgan Solar USA, Inc. (Morgan), to develop photovoltaic solar generation facilities on City owned property. Authorize the Executive Director to execute all documents, and make any non-substantive changes necessary to complete the transaction.

Fiscal Impact:

The Lancaster Power Authority (LPA) will provide property sites for Morgan's use in constructing renewable generation facilities. The City shall retain ownership of the property. The LPA will receive 12% of the California Renewable Energy Small Tariff (CREST) Program revenue (or a similar revenue producing program) over the 20-year term of the contract. The specific revenue is unknown at this time and will depend on the acreage developed and specific revenue producing program involved.

Background:

On October 25, 2011, the LPA entered into a Master Solar Power Purchase and Sale Agreement (MPA) with Morgan to construct a renewable generation facility on land adjacent to the Lancaster National Soccer Center (LNSC). Subsequent to the Board approving the necessary Option/Ground Lease in January 2012, modifications to the MPA were proposed which primarily affect the method of payment and properties involved. These modifications provide for payment to be made directly from Southern California Edison to Morgan. LPA will be paid the agreed upon 12% directly by Morgan. Staff agreed with the revisions and recommends the Board approve the revised MPA attached. An Option/Ground Lease based on the revised MPA will also be coming before the Board for approval.

This Agreement contains a provision to continue discussions with Morgan in the event the CREST Program is replaced with another Program, ultimately requiring Board approval.

SAD:pjp

Attachment:

Revised Master Solar Power Purchase and Sale Agreement