

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

PA CC 1
12/09/14
MVB

Date: December 9, 2014

To: Chairman Parris and Authority Members

From: Jason Caudle, Deputy Executive Director

Subject: **Solar Energy Site Lease Agreement**

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**Recommendation:**

Approve the Solar Energy Site Lease Agreement with Morgan Lancaster I, LLC, a Delaware limited liability company (Morgan) and authorize the Executive Director to execute all documents and make any non-substantive changes necessary to complete the transaction.

**Fiscal Impact:**

This agreement does not obligate Lancaster Power Authority (LPA) to financial outlay. Morgan will continue to reimburse LPA \$400.00 per acre per year. Once the generation facility is constructed and has achieved commercial operation, LPA will receive \$1,500.00 per acre per year (\$28,500.00 annually) or approximately \$570,000.00 over the twenty (20) year term.

**Background:**

On October 25, 2011, LPA approved a Master Solar Power Purchase and Sale Agreement with Morgan for the purchase and sale of energy to Southern California Edison (SCE) under the CREST program. Under the terms of this agreement the LPA leased land to Morgan for the construction of a 1.5 MW solar generation facility on approximately nineteen (19) acres of land near Lancaster National Soccer Center.

On August 12, 2012, a Revised Master Power Purchase and Sale Agreement established the ground lease payment to the LPA at 12% of the gross revenue paid to the Developer from SCE pursuant to section 302 of the agreement.

In Mid-2013, SCE's CREST program was replaced by ReMAT program. SCE's CREST program offered a fixed energy price schedule with rates as high as \$144/MWh for on-peak generation plants, however, the new ReMAT PPA tariff adjusts to market conditions and have fallen to approximately \$77/MW.

To account for substantial changes in the project and the regional solar market, and to provide the City with greater consistency in its revenues, this Solar Energy Site Lease Agreement amends Morgan's lease payments from a percentage of gross revenue to a fixed rate.

JC:kw

**Attachment:**

Solar Energy Site Lease Agreement