

STAFF REPORT

City of Lancaster

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Date: August 11, 2015

To: Mayor Parris and City Council Members

From: Cathy DeFalco, Energy Manager – Regulatory
Jason Caudle, Deputy City Manager

Subject: Award Power Purchase and Sale Agreement for Renewable Energy from Local Solar Project

Recommendation:

Award a Power Purchase and Sale Agreement to Western Antelope Dry Ranch, LLC for the purchase of 10MW capacity of local renewable energy for Lancaster Choice Energy and authorize the City Manager, or his designee, to sign all documents.

Fiscal Impact:

The rates have been developed to generate revenues sufficient to cover annual expenses, including the purchase of power. The annual cost of the agreement is not to exceed \$1,681,624.

Background:

Lancaster Choice Energy (LCE) is the city's community choice aggregation program, whereby the city is procuring and selling electricity to its customers within city limits. In April of this year, staff released a Request for Proposal (RFP) for locally developed renewable energy projects to supplement our current energy supply agreements and to support future renewable energy requirements. On May 4th, LCE received proposals for seventeen projects from eleven developers.

LCE staff, with the assistance of consultants, rated the projects based on resource location, generating capacity, and proposed pricing. Four developers were invited to meet with staff to further discuss their projects. After best and final offers were submitted, staff began further negotiations with two developers.

The attached Power Purchase and Sale Agreement is for 10MW capacity of the Western Antelope Dry Ranch project located within the City of Lancaster and has a term of twenty years. The price remains fixed throughout the terms of the agreement. Delivery will begin December 2016. The Western Antelope Dry Ranch, LLC is wholly owned by sPower. sPower is headquartered in Salt Lake City and has offices in San Francisco and New York. They currently own and operate over 150 renewable energy projects across the US and the UK.

In addition to adding cleaner and green energy to LCE's energy portfolio, the award of this agreement is in line with LCE's goal to purchase renewable energy from local projects, which generates local economic benefits. During the five month construction phase, 75 – 80 local jobs will be created, and approximately 8,500 hours of development work, such as engineering and surveying, will be awarded to local Antelope Valley businesses. Long term, sPower will add 2 – 3 permanent jobs to their Antelope Valley staff that will be allocated to this project. sPower estimates that this project will produce \$6.9 million in direct benefits, such as jobs, earnings, and sales tax; \$2.6 million in indirect benefits, such as industry to industry spending and subcontracts; and \$3.1 million in induced benefits, such as employee spending.

In addition to creating local economic benefit with the award of this agreement, sPower is committed to Lancaster and the Antelope Valley. sPower has invested more than \$400,000 in local programs to support education and economic development. One of the many groups that sPower supports is the Antelope Valley Sheriff's Boosters. Their many contributions to the community's public safety include the purchase of bullet-proof vests, upgrades to software and equipment, a command trailer, and lighting for DUI checkpoints for the Lancaster Sheriff's Station. sPower strives to be a responsible neighbor to Del Sur Elementary School, paving the school's parking lot at a cost of \$125,000. Most recently, they contributed \$10,000 in funds to the Parent Teacher Student Association for the purchase of a school sign, which is scheduled to be installed in September of this year. Other community groups and projects supported by sPower include Antelope Valley Fair, Young Entrepreneurs Academy, Antelope Valley Windbreak Tree Planting, and donations for scholarships to Antelope Valley College and Antelope Green Enterprise Academy.

Attachment:

Power Purchase and Sale Agreement