



City Council Agenda Item

City Council Meeting Date: November 16, 2021

TO: Jim Throop, City Manager

FROM: Charles J. Berry, Utility Director
c_berry@ci.lompoc.ca.us

SUBJECT: Adopt Resolution No. 6461(21) Authorizing the City Manager or Designee to Execute a Third Phase Power Purchase Agreement with South Feather Water and Power Agency

Recommendation:

Staff recommends the City Council adopt Resolution No. 6461(21) (Attachment 1), authorizing the City Manager or designee to execute a Third Phase Power Purchase Agreement (Third Phase Agreement) (Attachment 2) with South Feather Water and Power Agency (SFWPA) and to execute any related agreements.

Background:

The City is adopting policies that are designed to increase the amount of energy it provides to retail customers from eligible renewable energy resources and carbon free resources to comply with the California Renewable Energy Resources Act and other applicable requirements. SFWPA owns and operates four existing hydroelectric generating plants operating under Federal Energy Regulatory Commission licenses: the Forbestown Powerhouse (37.5 MW), the Kelly Ridge Powerhouse (11.0 MW), the Sly Creek Powerhouse (13.0 MW) and the Woodleaf Powerhouse (60.0 MW) (South Feather Power Project) that qualify as either eligible renewable energy resources or carbon free resources.

SFWPA has agreed to sell to NCPA¹, and NCPA has agreed to purchase from SFWPA, acting on behalf of the City and other participating NCPA members, certain energy, capacity rights and associated environmental attributes supplied from the South Feather Power Project pursuant to the terms and conditions set forth in the Power Purchase Agreement (PPA) between SFWPA and NCPA (Attachment 3).

The term of the PPA includes the Initial Delivery Term that will begin on the Initial Delivery Date, and will continue uninterrupted through December 31, 2031. At the end of the Initial Delivery Term, if SFWPA does not elect to terminate the PPA, the term of the PPA will

¹ Northern California Power Agency, which the City is a member of.

November 16, 2021

Authorization of City Manager to Sign Third Phase Power Agreement

Page 2 of 3

automatically extend for an additional 10-year period (the Extended Delivery Term). During the term of the PPA, NCPA will schedule and dispatch the South Feather Power Project, which SFWPA will own, operate and maintain.

Discussion:

The Third Phase Agreement provides all the means necessary for NCPA to fulfill obligations incurred on its behalf to enable NCPA to enter into the PPA on behalf of the City and the other participating members (Participants), pursuant to the terms and conditions of the Amended and Restated Facilities Agreement². The PPA will then enable and obligate the Participants to take delivery of, and pay for, such electric capacity and energy, and to pay NCPA for all costs it incurs for undertaking the foregoing activities.

The Third Phase Agreement specifies the rights and obligations of NCPA and the Participants regarding governance and administration of the PPA, and obligates each Participant to pay for its project participation percentage share of all project costs, administrative services costs, scheduling coordination costs, and all other costs related to the PPA.

Upon full execution of the Third Phase Agreement, NCPA will be authorized to enter into the PPA on behalf of the Participants. The PPA will be deemed an NCPA Project by the NCPA Commission pursuant to the Amended and Restated Facilities Agreement.

Fiscal Impact:

There is no direct fiscal impact to the City's General Fund. SFWPA has agreed to sell to NCPA, and NCPA has agreed to purchase from SFWPA, certain energy, capacity rights and associated environmental attributes produced by the South Feather Power Project for the purchase price set forth in Appendix A of the PPA.

Conclusion:

The adoption of Resolution No. 6461(21) will authorize the City Manager or designee to execute the Third Phase Agreement with SFWPA and to execute any related agreements.

Respectfully submitted,

Charles J. Berry, Utility Director

² Approved on April 15, 2014, by Resolution No. 5907(14)

November 16, 2021

Authorization of City Manager to Sign Third Phase Power Agreement

Page 3 of 3

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

Jim Throop, City Manager

- Attachments:
- 1) Resolution No. 6461(21)
 - 2) South Feather Water and Power Agency and Northern California Power Agency Third Phase Agreement
 - 3) South Feather Water and Power Agency and Northern Power Agency Power Purchase Agreement