

RESOLUTION NO. 6662(24)

A Resolution of the City Council of the City of Lompoc, County of Santa Barbara, State of California, Approving the Third Phase Agreement for a Renewable Power Purchase Agreement with Grace Orchard Energy Center, LLC

WHEREAS, on March 25, 2020, Northern California Power Agency (NCPA), acting on behalf of its Members, including the City of Lompoc (City), issued a Request for Proposals for Renewable Energy Resources, Carbon Free Energy Resources, and Energy Storage Solutions (RFP), as subsequently amended on April 1, 2022, to solicit competitive proposals for renewable energy projects and products consistent with the Renewable Energy Resources Program (Public Resources Code sec. 25740 *et seq.*) and the California Renewables Portfolio Standard Program (Public Utilities Code sec. 399.11 *et seq.*), including amendments enacted by passage of Senate Bill 100 (De Leon 2018), and carbon free energy resources¹; and

WHEREAS, through the RFP, NCPA is seeking cost effective resources to support its Members' renewable portfolio standard and carbon free objectives; and

WHEREAS, in response to the RFP, NCPA received multiple proposals for the supply of renewable energy sourced from different technologies, including a proposal from Grace Orchard Energy Center, LLC (also known as Grace Solar) on June 6, 2023, to sell output produced from a proposed 500 Megawatt (MW) facility located in Riverside County, California, and the proposal included the sale and delivery of 50MW of renewable energy and other products to NCPA for the benefit of its Members; and

WHEREAS, based on NCPA's review of the proposal details, and involving direct coordination with Members who expressed an interest in purchasing output from the facility offered in the Grace Solar proposal, it was determined that the offer was competitive and met the needs and requirements of the interested Members, including the City; and

WHEREAS, NCPA then, acting on behalf of certain Members who expressed an interest in purchasing output from the facility, including the City (Participants)², engaged in active negotiations with Grace Solar, to develop certain agreements through which NCPA could purchase output from the facility acting on behalf of the Participants; and

WHEREAS, as a result of such effort, NCPA, in coordination with the Participants, has developed a Renewable Power Purchase Agreement between NCPA and Grace Solar to purchase renewable energy (Purchase Agreement); and

WHEREAS, as set forth in the Purchase Agreement, NCPA will purchase, on behalf of the Participants, renewable energy products from Grace Solar, produced and delivered from the facility located in Riverside County, California (Project) upon the Commercial Operations Date projected to be December 2027, and continuing for a 20-year term through approximately December 2046; and

¹ The RFP was publicly noticed and made available to the public on NCPA's website.

² Subject to the completion of the Project Participation Percentage transfer process described in Exhibit A of the Third Phase Agreement, the Participants may include the following Members: Cities of Biggs, Gridley, Healdsburg, Lodi, Lompoc, Santa Clara, Shasta Lake, Ukiah, and Plumas-Sierra Rural Electric Cooperative and the Port of Oakland.

WHEREAS, the Project is required to: (i) be certified by the California Energy Commission (CEC) as an Eligible Renewable Energy Resource, and (ii) satisfy the requirements of Section 399.16(b)(1)(A) of the California Public Utilities Code by having a first point of interconnection with the California Independent System Operator (CAISO) Balancing Authority, and the renewable energy products purchased and delivered in accordance with the Purchase Agreement will be delivered to the Participants and can be used by the Participants to satisfy their renewable energy requirements; and

WHEREAS, to enable NCPA to enter into the Purchase Agreement on behalf of the Participants, including the City, pursuant to the terms and conditions of the Amended and Restated Facilities Agreement, NCPA and the Participants shall enter into the Third Phase Agreement for the Renewable Power Purchase Agreement with Grace Solar (Third Phase Agreement) to provide all means necessary for NCPA to fulfill obligations incurred on behalf of NCPA and the Participants pursuant to the Purchase Agreement, and to enable and obligate the Participants to take delivery of, pay for such electric products, and to pay NCPA for all costs it incurs for undertaking the foregoing activities; and

WHEREAS, upon full execution of the Third Phase Agreement by all Participants and NCPA, NCPA will enter into the Purchase Agreement on behalf of the Participants, and such Purchase Agreement shall be deemed an NCPA Project by the NCPA Commission; and

WHEREAS, as further described in Exhibit A of the Third Phase Agreement, on the effective date the Initial Participants (the Cities of Healdsburg, Lodi, Lompoc, Santa Clara, and Ukiah) will hold the full Project Participation Percentage share of the Project; however, prior to the Transfer Completion Deadline, certain Members who are listed in Table 2 of Exhibit A of the Third Phase Agreement may exercise a right to accept a transfer of a portion of the Initial Project Participation Percentage of the Initial Participant, in an amount no greater than the amount set forth in Table 2 of Exhibit A of the Third Phase Agreement, by providing written notice of its intent to accept the transfer and by executing the Third Phase Agreement, and therefore becoming a Participant; and

WHEREAS, after the Transfer Completion Deadline, NCPA shall prepare a Table 3 to be included in Exhibit A of the Third Phase Agreement, to account for the Final Project Participation Percentages of each Participant, including any amount of the Initial Project Participation Percentage that is retained by the Initial Participants due to a Member listed in Table 2 of Exhibit A not exercising its right to accept a transfer by the Transfer Completion Deadline; and

WHEREAS, once the City executes the Third Phase Agreement, such execution will result in the City having a ten percent (10.0%) Project Participation Percentage in the Project; and

WHEREAS, as further described in Section 8.5 of the Third Phase Agreement, pursuant to Section 2.5 of the Purchase Agreement, due to a New PV Trade Measure Event, Grace Solar reserves the right to submit a Proposed Contract Price Increase to NCPA for consideration in the event a New PV Trade Measure Event results in an actual cost increase for Grace Solar, and per this action the City Manager or designee is hereby authorized to execute an amendment to the Third Phase Agreement to further authorize NCPA to effectuate a Proposed Contract Price

Increase if such is deemed acceptable by the City Manager when compared to current market conditions for similar products; and

WHEREAS, pursuant to the terms and conditions of the Third Phase Agreement, each Participant acknowledges and agrees to be bound by the terms and conditions of the Third Phase Agreement, and that the Third Phase Agreement is written as a “take-or-pay” agreement, and any renewable energy products delivered to NCPA under the Purchase Agreements shall be delivered to each Participant in proportion to such Participant’s Project Participation Percentage as set forth in Exhibit A of the Third Phase Agreement, and each Participant shall accept and pay for its respective percentage of such renewable energy products; and

WHEREAS, this activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore, not a “project” for purposes of Section 21065 of the California Environmental Quality Act. No environmental review is necessary.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LOMPOC, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The above recitals are true and correct and are incorporated herein.

SECTION 2. Approval of Purchase Agreement. The form of the Purchase Agreement in substantially the form on file with the City is hereby approved. The City Manager or designee (Authorized Officer) is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Purchase Agreement, in substantially the form on file with the City, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, such approval to be conclusively evidenced by the execution and delivery of the Purchase Agreement. The City hereby authorizes the delivery and performance of its obligations under the Purchase Agreement.

SECTION 3. The Authorized Officer is hereby authorized to execute the Third Phase Agreement for Purchase Agreements with the Grace Orchard Energy Center, LLC, attached to the City Council’s June 4, 2024, staff report, and any related amendments or agreements.

SECTION 4. Effective Date. This Resolution is effective on the day of its adoption.

The foregoing Resolution was proposed by Council Member _____, seconded by Council Member _____, and was duly passed and adopted by the Council of the City of Lompoc at its regular meeting on June 4, 2024, by the following vote:

AYES: Council Member(s):
NOES: Council Member(s):
ABSENT: Council Member(s):

Jenelle Osborne, Mayor
City of Lompoc

Resolution No. 6662(24)

Page 4 of 4

ATTEST:

Stacey Haddon, City Clerk
City of Lompoc