A PUBLIC AGENCY
NCPA
NORTHERN CALIFORNIA POWER AGENCY

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February 5, 2010

California Energy Commission
EPS Compliance
1516 Ninth Street, MS-20
Sacramento, CA 95814-5512

Attention: SB 1368 Compliance Filing – Lodi Energy Center Project

On behalf of the Northern California Power Agency (NCPA), I hereby submit the attached Compliance Filing pursuant to Section 2909 of the regulations adopted by the California Energy Commission (CEC) pursuant to Senate Bill 1368.

On January 28, 2010, NCPA entered into a Power Sales Agreement (PSA) with several entities as shown in Attachment 1 along with their shares, in the Lodi Energy Center (LEC) Combined Gas Cycle Project with a capacity of 280MW. The Project is expected to begin providing power to the Project participants by March - April of 2012, assuming that NCPA's Application for Certification filed with the CEC on September 10, 2008 is approved by March of 2010. NCPA believes that the Project is compliant with the Emission Performance Standard (EPS). NCPA requests that the CEC finds that the Project complies with CEC's EPS.

Attached for your information are: 1) LEC Project Participants with their share in the Project, 2) CEC Emission Performance Standard Compliance Filing (SB 1368) with a signed attestation, 3) NCPA Commission Staff Report 103:10 dated January 28, 2010 and 4) NCPA Commission Resolution 10-02 dated January 28, 2010.

Should you have any questions regarding this matter, please contact Hari Modi at (916) 781-4204.

Sincerely,

KEN SPEER
Assistant General Manager
Generation Services

KS/dg
10.86
Attachments (4)
- LEC Project Participants with their shares in the Project
- CEC Emission Performance Standard Compliance Filing (SB 1368)
- NCPA Commission Staff Report 103:10, Agenda Item 28
- NCPA Commission Resolution 10-02

cc: w/attachments
- James H. Pope, NCPA General Manager
- Jane Cirrincione, NCPA Assistant General Manager, Legislative & Regulatory Affairs
- Scott Tomashefsky, NCPA Regulatory Affairs Manager
- Jeff Byron, Commissioner, California Energy Commission
- David Vidaver, Electricity Analysis Office, California Energy Commission

Attachment 1

LEC Project Participants and their Shares

Lodi Energy Center Generation Entitlement Shares	
Project Particpant	**Generation Entitlement Share**
Azusa	2.745%
BART	5.882%
Biggs	0.392%
CDWR	23.529%
Gridley	1.961%
Healdsburg	1.569%
Lodi	11.765%
Lompoc	1.961%
Modesto	23.529%
Plumas-Sierra	0.784%
Port of Oakland	1.176%
PWRPA	1.961%
Silicon Valley Power	19.608%
Ukiah	3.137%
Total	100.000%

California Energy Commission
Emission Performance Standard Compliance Filing

Mail to: California Energy Commission
EPS Compliance
1516 Ninth Street, MS-20
Sacramento, CA 95814-5512
Attention: Compliance Filing

This is to inform you that the Northern California Power Agency (NCPA) Commission adopted a resolution approving the Power Sales Agreement (PSA) on January 28, 2010 for a 280 MW capacity Lodi Energy Center Project. The PSA authorizes NCPA to construct and operate the Project and provide energy, capacity and environmental attributes to the Project participants in accordance with their shares in the Project as shown in Attachment 1. Additional information is provided below:

Name of Counterparty	Please refer to attachment 1
Name of Facility	Lodi Energy Center
Location of Facility	Lodi, California
Technology/Fuel	Natural Gas
Nameplate Capacity of Facility	280 MW
Product Description (e.g., as-available energy)	Energy, Capacity and all Environmental Attributes
Substitute Energy Allowed:	No
Delivery Start Date – Delivery End Date	June 2012 (Estimated, dependent upon CEC granting the permit by March 2010)

Further description of technology, if necessary:

Lodi Energy Center is a Combined Cycle Power Plant consisting of one "F" Class Combustion Turbine, one Heat Recovery Steam Generator, one Reheat Steam Turbine and the associated balance of plant equipment including a water treatment system design for treating Recycle Water

Further description of facility output profile, if necessary:
The project is a 280 MW base load facility that incorporates the Siemens Flex Plant "30" fast start technology. This technology will allow the project to respond to quickly to market changes.

Description of contract terms related to the provision of substitute energy, if necessary:

California Energy Commission
Emission Performance Standard Compliance Filing

We are asking that the Commission find that this contract is compliant with the greenhouse gases emission performance standard set forth in Chapter 11 of Title 20 of the California Code of Regulations.

Specifically, the Northern California Power Agency asserts herein that the facility under contract is compliant pursuant to Section §2903(b) of the regulations, and that any substitute energy allowable under the contract meets the requirements of Section §2906.

I, the official named below, certify under penalty of perjury, the following:

1. I am an agent of the Northern California Power Agency authorized by its governing board to sign this attestation on its behalf;

2. NCPA has reviewed and approved in a noticed public meeting both the covered procurement described above and this compliance filing;

3. Based on NCPA's knowledge, information, or belief, this compliance filing does not contain any material misstatement or omission of fact;

4. Based on NCPA's knowledge, information, or belief, the covered procurement described above complies with Title 20, Division 2, Chapter 11, Article 1 of the California Code of Regulations; and

5. The covered procurement described above contains contractual terms or conditions specifying that the contract or commitment is void and all energy deliveries shall be terminated no later than the effective date of any Commission decision pursuant to title 20, California Code of Regulations, section 2910, that the covered procurement fails to comply with Title 20, Division 2, Chapter 11, Article 1, of the California Code of Regulations.

Northern California Power Agency

(*Organization submitting compliance filing)*

By: Ken Speer

(*Authorized signature of organization's agent)*

Ken Speer, Assistant General Manager, Generation Services

(*Printed name and title of person signing)*

Date: 2/5/2010

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Commission Staff Report

AGENDA ITEM NO.: 28

Date: January 28, 2010

To: NCPA Commission

Subject: Authorization to Execute Lodi Energy Center Power Sales Agreement

Proposal

Approve the Lodi Energy Center (LEC) Power Sales Agreement (PSA) relating to the financing, construction and operation of the LEC Combined Cycle 280 MW power plant.

Background

In November 2007, the Commission approved by resolution (Resolution 07-72) the Second Phase Agreement for funding the planning and development activities of the LEC and authorized the General Manager to forward the final form of the Agreement to participating NCPA and non-NCPA member Project Participants for final approval and execution. On September 17, 2008, the Commission authorized Amendment Number One of the Phase II Agreement that increased the budget to $40 million to allow for the ordering of the power island equipment.

Current Status

All of the air emission reduction credits for the Project have been purchased and the power island equipment ordered, detail engineering is approximately 25% complete, and the California Energy Commission (CEC) final permit is expected by late March or early April 2010.

The proposed plan is to have the Power Sales Agreement (equivalent of NCPA's Phase III Agreement) executed by each participant to expedite project financing and the project construction upon issuance of the CEC license. NCPA's goal is to begin the construction no later than June 1, 2010, and achieve the Commercial Operation Date (COD) by June 2, 2012.

The Power Sales Agreement is very similar to the other NCPA Phase III Agreements, except the PSA is structured to permit non-NCPA members to participate in the Project. In this regard, a Project Participation Committee (PPC) has been formed by the participants. The PPC will be responsible for the governance of the project activities and will act on the related matters in an official capacity. The decisions by the PPC will be binding upon the project participants and NCPA as the Project Manager.

In addition, unlike other NCPA Phase III Agreements, the PSA permits three (3) separate indenture groups associated with the project financing. In the standard NCPA Phase III Agreement, NCPA would be the single financing entity. Indenture group A will consist of all the NCPA members plus two (2) non-NCPA participants. Indenture Group B is the California Department of Water Resources and Indenture Group C will be the Modesto Irrigation District.

Fiscal Impact

The cost to build LEC is estimate at 375.3 million dollars. This amount is for the development and construction costs and does not include any required reserve funds for debt service or other purposes. Each one of the indenture groups will be responsible for financing their share of any required reserve funds. Similar to the NCPA Phase III Agreement, the Phases I and II expenditures will be included in the financing by Group A that includes the participating members of NCPA. Indenture Groups B and C will make their own decision regarding financing the Phases I and II costs. NCPA will conduct the financing for indenture Groups A and B. Indenture Group C (MID) will conduct its own financing.

Environmental Analysis

The Power Sales Agreement falls under the "Early Thermal Power Plant Activity" statutory exemption (CA Public Resources Code Section 15080(b)(6);14 CCR 15271) and therefore, NCPA is exempt from preparing an environmental analysis pursuant to the requirements of California Environmental Quality Act (CEQA) prior to signing of the Power Sales Agreement. This exemption applies to the expenditure, obligation, or encumbrance of funds for planning, engineering or design purposes, or for the conditional sale or purchase of equipment, fuel, water (except groundwater), steam or **power** for a thermal power plant. Where the thermal power plant site and related facility will be the subject of an Environmental Impact Report (EIR), Negative Declaration (ND), or substitute environmental document (prepared pursuant to a regulatory program certified pursuant to California Public Resources Code 21080.5) that will be prepared by the California Energy Commission (CEC), California Public Utilities Commission, or the county or city in which the power plant and related facility would be located. The EIR, ND or other environmental document is required to address the environmental impacts, if any, of the early activities. All activities related to the approval of the Lodi Energy Center, including this Power Sales Agreement, will be subject to environmental review performed by the California Energy Commission in compliance with CEQA, This exemption delays the timing of CEQA compliance from the early activities of a utility to the time that a regulatory agency is requested to approve the thermal power plant, and it shifts the responsibility for preparing the document to the regulatory agency (State CEQA Guidelines Section 15271). For additional information, see California Public Resources Code 21080(b)(6) and State CEQA Guidelines Section 15271.

Recommendation

Staff recommends that the Commission adopt the Resolution 10-02 and authorize the General Manager to execute the PSA with any non-substantial changes as approved by General Counsel and upon receiving the duly authorized copies of the PSA from each of the LEC participants.

Respectfully submitted,

JAMES H. POPE
General Manager

Prepared by:

KEN SPEER
Assistant General Manager
Generation Services

Attachments:
Resolution
Draft Agreement

SR: 103:10

RESOLUTION 10-02

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY
AUTHORIZING THE GENERAL MANAGER TO EXECUTE THE
LODI ENERGY CENTER POWER SALES AGREEMENT
(reference Staff Report #103:10)

WHEREAS, the development activities pertaining to the Lodi Energy Center (LEC) Project are progressing, and;

WHEREAS, the California Energy Commission (CEC) is expected to issue a license approving the project no later than early April, 2010, and;

WHEREAS, NCPA plans to begin project construction soon after the issuance of the CEC license and immediately after the project financing is completed to achieve the commercial operation by June 2012, and;

WHEREAS, NCPA has prepared a Power Sales Agreement similar to NCPA's Phase III agreement which upon execution by all the LEC project participants and NCPA will permit financing of the project, and;

WHEREAS, as of the date of approval of this Resolution, the participation of the Modesto Irrigation District (and hence the necessity for the inclusion of Indenture Group C in the Power Sales Agreement) is uncertain, and other participants have not yet made a final decision to participate and hence the final project participation percentages of the remaining participants may therefore change; and

WHEREAS, the Commission intends to approve the Project Sales Agreement with the understanding that MID participation, the participation of other project participants, and project participant participation percentages may vary from the form of agreement presented to it; and

WHEREAS, as indicated in Staff Report #103:10, the California Environmental Quality Act ("CEQA") provides for a statutory exemption from CEQA for early activities or actions undertaken by a public agency relating to any thermal power plant (Public Resources Code sec. 21080(b)(6); the CEQA Guidelines found in Title 14 Code of California Regulations section 15271) if the thermal power plant site and related facility will be the subject of an environmental report, negative declaration or other document prepared by the State Energy Resources Conservation and Development Commission (the "CEC") pursuant to a regulatory program certified pursuant to Public Resources Code section 21080.5; and

WHEREAS, approval of the LEC, including environmental review, has been requested from the CEC which is anticipated to approve the LEC Project and issue a license for construction and operation of the LEC Project in approximately March or April 2010, and which approval will include preparation of an environmental report, negative declaration or other document prepared by the CEC pursuant to a regulatory program certified pursuant to Public Resources Code section 21080.5; and

WHEREAS, the construction and operation of the LEC is a necessary condition to NCPA's supplying capacity and energy pursuant to the PSA, which construction and operation is dependent on the CEC granting a license to the LEC after the CEC has prepared an environmental report, negative declaration or other document pursuant to a certified regulatory program.

NOW, THEREFORE BE IT RESOLVED, that the Commission hereby approves the Power Sales Agreement and authorizes its General Manager to execute the Agreement on behalf of NCPA with any non-substantial changes as approved by General Counsel and upon receipt of the duly executed copies from all the LEC participants and upon receipt of the duly executed copies of the Power Sales Agreement from all the LEC Project Participants; and

BE IT FURTHER RESOLVED, that said approval shall include any amendment necessary to delete Indenture Group C in the event that the Modesto Irrigation District determines not to participate, the removal of any other participant which determines not to participate, and any resulting changes in project participant participation percentages,

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PASSED, ADOPTED and APPROVED this 28th day of January 2010, by the following vote on roll call:

	Vote	Abstained	Absent
Alameda		X	
BART	Y		
Biggs	Y		
Gridley	Y		
Healdsburg	Y		
Lodi	Y		
Lompoc	Y		
Palo Alto		X	
Port of Oakland	Y		
Redding		X	
Roseville		X	
Santa Clara	Y		
TID		X	
Truckee Donner		X	
Ukiah	Y		
Plumas-Sierra	Y		

Larry Hansen
LARRY HANSEN
CHAIRMAN

ATTEST: DENISE DOW
ASSISTANT SECRETARY