

Exhibit to Agenda Item #1

Board Energy Resources & Customer Services Committee
Wednesday, January 10, 2018, scheduled to begin at 5:30 p.m.
Customer Service Center, Rubicon Room

Execute a 5-Year Biomass PPA with ARP-Loyalton Cogen, LLC to Support SB 859

Board Policy

- Supports SD-7 Environmental Leadership and SD-9 Resource Planning

Background

- SB 859 requires POUs with at least 100,000 customers to procure their pro-rata share of 125 MW from biomass power plants that use forest fuels from Tier 1 & Tier 2 high hazard zones as identified by CalFire
- IOU's share is 96 MW; POU's share is 29 MW;
 - SMUD's share is 6.8 MW

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Context

- Seven POU's (SMUD, IID, MID, TID, LADWP, Riverside and Anaheim) jointly solicited proposals
- 10 bids received between \$97.50/MW to \$165/MW
- 4 lowest qualifying bids between \$97.50/MW to \$126.55

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Context

- ARP-Loyalton was the lowest price and the largest capacity
- This joint POU contract is for 18 MWs and meets a portion of the SB 859 requirement
- Anaheim, TID, IID and Riverside have already received their necessary approvals

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Key Contract Terms

- Volume: 4.221 MW (SMUD's share)
 - 62.1% of SMUD's SB 859 obligation
- Price: \$97.50/MW with no escalation
- Annual cost: \$3.3 million
- Term: 5 years, April 2018 – March 2023
- RPS and EPS compliant

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Requested Action

- Authorize the Chief Executive Officer and General Manager, or his delegate, to execute a 5 year Power Purchase Agreement and associated Buyers Joint Project Agreement for 18 MW, of which 4.221 is SMUD's share, of biomass renewable energy with ARP-Loyalton Cogen, LLC to support compliance with SB-859.
- Approve the California Energy Commission (CEC) Emissions Performance Standard (EPS) compliance filing and authorize the General Manager and CEO to sign the compliance filing attestation.