

Los Angeles  Department of Water & Power

ERIC GARCETTI
Mayor

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MARCIE L. EDWARDS
General Manager

June 18, 2014

The Honorable City Council
City of Los Angeles
Room 395, City Hall
Los Angeles, California 90012

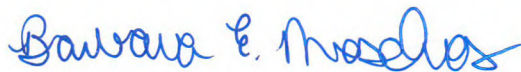
Honorable Members:

Subject: Los Angeles Department of Water and Power Purchase Agreement No. BP 13-057 with RE Barren Ridge 1 LLC for Solar Capacity, a Purchase Option of the RE Barren Ridge 1 Solar Generation Facility, a Purchase Option with RE Barren Ridge LandCo LLC for the underlying land, and Real Estate License Agreement No. BP 14-017

Pursuant to Charter Section 606 and 674, enclosed for approval by your Honorable Body is Resolution No. 014 249, adopted by the Board of Water and Power Commissioners on June 17, 2014, approved as to form and legality by the City Attorney, which authorizes execution of Los Angeles Department of Water and Power Purchase Agreement No. BP 13-057 with RE Barren Ridge 1 LLC for Solar Capacity, a Purchase Option of the RE Barren Ridge 1 Solar Generation Facility, a Purchase Option with RE Barren Ridge LandCo LLC for the underlying land, and Real Estate License Agreement No. BP 14-017.

If additional information is required, please contact Ms. Winifred Yancy, Director of Intergovernmental Affairs and Community Relations, at (213) 367-0025.

Sincerely,



Barbara E. Moschos
Board Secretary

BEM:oja

Enclosures: LADWP Resolution
Board Letter
Power Purchase Agreement between RE Barren Ridge LLC
Option Agreement by and between RE Barren Ridge 1 LLC as "Seller"
Land Option Agreement and Agreement to Assign Facility Site Option
by and between RE Barren Ridge Landco LLC as "Seller"
Irrevocable License Agreement for GEN – TIE Line RE Barren Ridge Solar Project

(Ordinance to be transmitted under separate cover)

Los Angeles Aqueduct Centennial Celebrating 100 Years of Water 1913-2013

c/enc: Mayor Eric Garcetti
Councilmember Felipe Fuentes, Chair, Energy and the Environment Committee
Gerry F. Miller, Chief Legislative Analyst
Miguel A. Santana, City Administrative Officer
Rafael Prieto, Legislative Analyst, CLA
William R. Koenig, Chief Administrative Analyst
Winifred Yancy

WHEREAS, the Los Angeles Department of Water and Power's (LADWP) Renewable Portfolio Standard Policy and Enforcement Program (RPS Policy) represents the continued commitment by LADWP to renewable energy resources in accordance with Section 399.30(e) of the Public Utilities Code, requiring the governing boards of publicly owned electric utilities to adopt a program for enforcement on or before January 1, 2012; and

WHEREAS, the RPS Policy established compliance targets for LADWP to supply 25 percent of its retail energy sales from eligible renewable energy resources by 2016 and 33 percent by 2020 in accordance with the California Renewable Energy Resources Act, also referred to as SB 2 (1X); and

WHEREAS, the strategies in LADWP's Integrated Resource Plan (IRP) include regulatory requirements, policy objectives, and increases in eligible renewable energy resources, while maintaining service reliability, using existing assets near eligible renewable energy resources, and minimizing the financial impact on ratepayers; and

WHEREAS, the Board of Water and Power Commissioners (Board) approved the Southern California Public Power Authority (SCPPA) Development Agreement No. 96125-76 under Resolution No. 006-157, which authorized LADWP to participate with other members of SCPPA for the purpose of investigating and performing due diligence on potential new eligible renewable energy resource options; and

WHEREAS, SCPPA, pursuant to the needs of its members, under Agreement No. 96125-76, issued a Request for Proposal (RFP), a competitive process, for the purchase and/or acquisition of eligible renewable energy resources; and

WHEREAS, SCPPA received 340 responses to its RFP, which included the RE Barren Ridge 1 solar project, proposing the sale of 60 megawatts (MW) AC of renewable energy from solar power generating facilities to be developed and constructed approximately 11 miles northeast of the community of Mojave in western Kern County, CA (Solar Project), which connects directly into LADWP's balancing authority; and

WHEREAS, the Solar Project is owned by RE Barren Ridge 1, LLC which is a wholly-owned subsidiary of Recurrent Energy Development Holdings, LLC, which is a wholly-owned subsidiary of Recurrent Energy, LLC; and

WHEREAS, RE Barren Ridge 1, LLC's affiliate RE Barren Ridge LandCo, LLC, has an option to purchase land where the Solar Project would be developed and constructed; and

WHEREAS, RE Barren Ridge LandCo, LLC is a wholly-owned subsidiary of Recurrent Energy LandCo, LLC, which is a wholly-owned subsidiary of Recurrent Energy US Holdings, LLC, which is a wholly-owned subsidiary of Recurrent Energy Portfolio Holdings, LLC, which is a wholly-owned subsidiary of Recurrent Energy, LLC; and

WHEREAS, the Solar Project was selected to provide renewable energy from a solar power generating facility to LADWP; and

WHEREAS, the RE Barren Ridge 1 Power Purchase Agreement No. BP 13-057 (Recurrent PPA) sets forth mutual covenants and agreements between LADWP and Seller for LADWP's acquisition of all the metered output, associated environmental attributes, and generating capacity rights associated with the Solar Project with a guaranteed generation of 60 MW AC for a 20-year term; and

WHEREAS, Seller provides LADWP an early purchase option, subject to Board and Los Angeles City Council (City Council) approval, to purchase the Solar Project during the six month period commencing on the date that is eighteen months prior to the Sixth, Tenth, Fifteenth, or Twentieth year anniversary of Commercial Operation Date, as set forth in the Recurrent PPA and in Appendix K attached thereto (collectively "Purchase Option"); and

WHEREAS, Seller provides LADWP an early purchase option, subject to Board and City Council approval, to purchase the land underlying the Solar Project during the six month period commencing on the date that is eighteen months prior to the Sixth, Tenth, Fifteenth, or Twentieth year anniversary of Commercial Operation Date, as set forth in the Recurrent PPA and in Appendix Q attached thereto (collectively "Land Purchase Option"), and

WHEREAS, LADWP proposes to enter into non-exclusive License Agreement for Gen-Tie Line for the RE Barren Ridge 1 Solar Project with RE Barren Ridge 1, LLC covering an approximately 198,900 square foot area on real property owned by the City of Los Angeles, acting by and through LADWP, in unincorporated Kern County to allow RE Barren Ridge 1, LLC to construct, own, operate and maintain certain transmission facilities that will allow for the connection of the Solar Project to LADWP's Barren Ridge Switching Station (the "License Agreement"); and

WHEREAS, the License Agreement will facilitate LADWP's purchase of renewable electric energy from the Solar Project; and

WHEREAS, the term of the License Agreement will be for a period of 20 years with an option to extend to a total term of not to exceed 34 years and 11 months; and

WHEREAS, the Board finds that: (1) the property to be licensed is not presently needed for LADWP purposes; and (2) the grant of the non-exclusive License Agreement will not interfere with LADWP operations or future needs.

NOW, THEREFORE, BE IT RESOLVED that the Recurrent PPA, including the Purchase Option and the Land Purchase Option, by and between LADWP and Seller, now on file with the Secretary of the Board and approved as to form and legality by the City Attorney, be and the same are hereby approved.

BE IT FURTHER RESOLVED that the Board requests that the City Council approve, by ordinance, the Recurrent PPA, including the Purchase Option and the Land Purchase Option (collectively Solar Transaction).

BE IT FURTHER RESOLVED that the energy and environmental attributes acquired from the Solar Transaction shall be credited towards LADWP's RPS Policy compliance targets.

BE IT FURTHER RESOLVED that LADWP will need further authorizations from the Board and City Council, in accordance with Section 4.2 of the Purchase Option and Land Purchase Option in order to exercise the Purchase Option and the Land Purchase Option in the future, which authorizations may be qualified.

BE IT FURTHER RESOLVED that the President or the Vice President of this Board, or General Manager, or such person as the General Manager shall designate in writing, and the Secretary, Assistant Secretary, or the Acting Secretary of the Board, are hereby authorized and directed to execute the Solar Transaction, for and on behalf of LADWP, upon approval by the City Council by ordinance pursuant to Section 674 of the Charter of the City of Los Angeles.

BE IT FURTHER RESOLVED that the Board requests that the City Council approve, by Ordinance, that the Board is authorized, to act on and approve all future amendments to the Solar Transaction, provided that such amendments are ministerial and administrative in nature and do not increase the costs or extend the term of the Solar Transaction, without further approval by the City Council

BE IT FURTHER RESOLVED that the Board finds that: (1) the property to be licensed is not presently needed for LADWP purposes; and (2) the grant of the non-exclusive License Agreement will not interfere with LADWP operations or future needs.

BE IT FURTHER RESOLVED that the License Agreement, approved as to form and legality by the City Attorney and now on file with the Secretary of the Board, be and the same is hereby approved.

BE IT FURTHER RESOLVED that the President or Vice President of this Board, or the General Manager, or such person as she shall designate in writing as her designee, and the Secretary, Assistant Secretary, or the Acting Secretary of this Board are hereby authorized, empowered and directed to execute said License Agreement on behalf of the City of Los Angeles, acting by and through its LADWP.

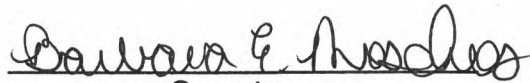
BE IT FURTHER RESOLVED that the City Council is requested to (1) find that the term of up to 34 years 11 months is in the best interest of the City in accordance with Section 607 of the Charter of the City of Los Angeles and (2) approve the License Agreement by order or resolution in accordance with Section 606 of the Charter of the City of Los Angeles.

BE IT FURTHER RESOLVED that the Chief Accounting Employee of LADWP, upon proper certification, is authorized and directed to draw demands on the Power Revenue Fund, in payment of the obligations arising under the Solar Transaction.

BE IT FURTHER RESOLVED that to comply with the California Environmental Quality Act (CEQA) of 1970 and the State CEQA Guidelines, the Board of Supervisors for Kern County prepared an environmental impact report for this Solar Project and issued a Notice of Determination pursuant to CEQA for the Solar Project on December 12, 2011.

BE IT FURTHER RESOLVED that in accordance with Section 15060 (c)(3) of the CEQA Guidelines, an activity is not subject to CEQA if it does not meet the definition of a project; Section 15378(b)(5) states that organizational or administrative activities that will not result in direct or indirect physical changes in the environment do not meet that definition and since the proposed LADWP action is only for authorization to purchase power from the Solar Project but not to exercise the Purchase Option or Land Purchase Option at a later date, the proposed action is not subject to CEQA.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of the resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held JUN 17 2014


Secretary

APPROVED AS TO FORM AND LEGALITY
MICHAEL N. FEUER, CITY ATTORNEY

MAY 23 2014

BY


VAUGHN MINASSIAN
DEPUTY CITY ATTORNEY



Los Angeles
Department of
Water & Power

RESOLUTION NO. _____

BOARD LETTER APPROVAL

Handwritten signature of Randy S. Howard in black ink.

RANDY S. HOWARD
Senior Assistant General Manager
Power System

Handwritten signature of Marcie L. Edwards in black ink.

MARCIE L. EDWARDS
General Manager

DATE: June 16, 2014

SUBJECT: LADWP Power Purchase Agreement (PPA) No. BP 13-057 With RE Barren Ridge 1 LLC for Solar Capacity, a Purchase Option of the RE Barren Ridge 1 Solar Generation Facility (Purchase Option), a Purchase Option with RE Barren Ridge LandCo LLC for the underlying land (Land Purchase Option), and Real Estate License Agreement (License Agreement) No. BP 14-017

SUMMARY

The PPA will authorize LADWP to purchase all of the solar energy, up to 60 Megawatts (MWs), it delivers, associated environmental attributes, and generating capacity rights of the RE Barren Ridge 1 Solar Generation Facility (Solar Facility) for a period of 20 years. The Solar Facility will be on non-tribal private lands, located 11 miles northeast of the community of Mojave in western Kern County, CA. The Solar Facility will be connected directly to the LADWP's transmission system at the Barren Ridge Switching Station (BRSS).

To obtain authorization to apply the energy and environmental attributes received under the PPA towards the compliance targets of LADWP's Renewables Portfolio Standard Policy and Enforcement Program (RPS Policy).

Los Angeles City Council (City Council) approval is required by ordinance pursuant to Los Angeles City Charter (Charter) Section 674.

City Council approval is also required for the License Agreement, which provides for a term of up to 34 years and 11 months, pursuant to Charter Section 606.

RECOMMENDATION

It is requested that the Board of Water and Power Commissioners (Board) adopt the attached Resolution recommending City Council's approval, by Ordinance, of PPA No. BP 13-057 with RE Barren Ridge 1 LLC, which includes the Purchase Option and Land Purchase Option per Charter Section 674.

It is also requested that the Board adopt the attached Resolution recommending City Council's approval of the License Agreement No. BP 14-017 per Charter Section 606.

ALTERNATIVES CONSIDERED

Through the Southern California Public Power Authority (SCPPA) Request for Proposal (RFP) process, as described on Page 4 in the Background section, the Solar Facility was selected as an addition to LADWP's generation portfolio because the Solar Facility:

- Can use existing transmission capacity at the BRSS.
- Is high in LADWP's Open Access Same-Time Information System (OASIS) queue for interconnection requests.
- Has excellent solar insolation due to location.
- Is located in a region where LADWP has existing operation and maintenance crews.
- Has an offer of ownership opportunity after tax benefits are expired.

The impact of not recommending this project could cause LADWP to miss the California Energy Commission (CEC) requirements for 25 percent renewable energy in 2016 and 33 percent renewable energy in 2020. The only alternative available is for LADWP to start negotiations with another developer for renewable energy that may not meet the criteria mentioned above and could potentially be at less favorable terms, due to pending Investment Tax Credit expiration.

FINANCIAL INFORMATION

The average annual expenditures may total \$11.8 million per year for 20 years based on assuming an average capacity factor of 33 percent for a total cost over the life of the PPA of \$237 million. The funds will be used to purchase renewable energy and environmental attributes as part of LADWP's RPS Policy. This will benefit the ratepayers of Los Angeles by supplying them with renewable energy and reducing the consumption of fossil fuels and related emissions.

Funding is budgeted in Power Revenue Fund's Fuel and Purchased Power Budget. Potential rate impact for this facility is expected to be 0.015 cents per kilowatt-hour or \$0.075 per month for a typical residential customer.

The Purchase Option, as set forth in Appendix K of the PPA, allows for the option to purchase the Solar Facility at the end of the 6, 10, 15, or 20 year anniversary of the Full Commercial Operating Date (COD), provided that LADWP gives its exercise notice during the six month period commencing on the date that is eighteen months prior to the aforementioned time periods.

The Purchase Option price will be based on the Fair Market Value (FMV) of the Solar Facility at the time of purchase, with a predetermined floor and ceiling price, summarized below.

Year	Floor Price	Ceiling Price
6	\$108,200,000	\$127,300,000
10	\$101,000,000	\$118,800,000
15	\$89,700,000	\$105,500,000
20	\$75,000,000	\$88,200,000

The FMV for the Purchase Option will be determined by a qualified appraiser taking into account all facility assets and liabilities, lease obligations, disclosure schedules, and any remaining PPA obligations.

The Land Purchase Option, as set forth in Appendix Q of the PPA, allows for the option to purchase the Solar Facility’s underlying land at the end of the 6, 10, 15, or 20 year anniversary of the Full COD, provided that LADWP gives its exercise notice during the six month period commencing on the date that is eighteen months prior to the aforementioned time periods. If LADWP exercises the Purchase Option and doesn’t exercise the Land Purchase Option, the Land Purchase Option allows LADWP to exercise the Land Purchase Option on any anniversary of the closing of the Purchase Option.

The Land Purchase Option price will be based on the FMV of the land at the time of purchase, with a predetermined floor and ceiling price, summarized below.

Year	Floor Price	Ceiling Price
6	\$4,480,000	\$ 5,375,000
10	\$5,555,000	\$6,665,000
15	\$7,730,000	\$9,275,000
20	\$9,500,000	\$11,400,000

The FMV for the Land Purchase Option will be determined by a qualified appraiser taking into account all lease obligations, disclosure schedules, and any remaining PPA obligations.

BACKGROUND

The LADWP’s goal and primary challenge is to develop long-term resources that are representative to the local and regional economy, and operationally flexible to changes in state and federal regulations, fuel prices, and advances in power generation technologies.

The policies that shape and guide the LADWP’s resource planning are the RPS Policy and the Integrated Resource Plan (IRP).

LADWP's RPS Policy

The RPS Policy represents the guiding principles of the LADWP to implement renewable resources. The RPS Policy was amended in December 2013, to comply with regulatory requirements of the California Renewable Energy Resources Act, also referred to as SB2 (1X), which requires publicly owned utilities (POUs) such as the LADWP to supply 25 percent of its energy from renewable resources by 2016 and 33 percent by 2020. The RPS Policy was amended in accordance with Section 399.30(e) of the Public Utilities Code (PUC).

LADWP's IRP

The LADWP's IRP presents several potential strategies for meeting LADWP's regulatory mandates and policy objectives for increasing renewable energy generation, reducing greenhouse gas emissions, maintaining electric power service reliability, and minimizing the financial impact on ratepayers.

The IRP establishes key selection principles for renewable projects. Those are:

- Maintain a high level of electric service reliability by taking advantage of the geographic diversity of renewable projects.
- Maximize the use of existing LADWP assets such as the BRSS and transmission lines.
- Take advantage of the benefits of clustering resources to optimize efficiency for operations and maintenance of facilities.
- Ownership or ownership options of projects using proven technology in strategic locations.
- Maintain options/flexibility.

The LADWP rigorously evaluates each potential strategy to identify and recommend the best overall tactical plan to meet these key objectives.

SCPPA Request for Proposals

SCPPA is a non-profit joint power agency formed in 1980 to facilitate joint power and transmission projects for the benefit of the Southern California municipal utilities. SCPPA's members include LADWP, the Cities of Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Pasadena, and Riverside as well as the Imperial Irrigation District. On April 4, 2006, the Board of Water and Power Commissioners (Board) approved the SCPPA Phase I Development Agreement No. 96125-76 under Resolution No. 006-157 (Phase I Agreement) which authorized LADWP to participate with other members of SCPPA for the purpose of investigating and performing due diligence on potential new renewable resource options.

In January 2012, SCPPA issued a RFP, a competitive selection process, for the purchase and/or acquisition of renewable energy resources. SCPPA received 340 proposals from numerous firms having the capability to provide renewable energy

from sources such as solar, wind, biomass, landfill gas, geothermal, hydroelectric, and other sources.

Of the 340 proposals received in response to SCPPA's RFP, the RE Barren Ridge 1 Solar Generation Facility was shortlisted by several SCPPA members based on the above-mentioned key selection principles; the original proposal was submitted under the 2010 SCPPA RFP and a revised proposal was submitted under the 2012 SCPPA RFP.

The Solar Facility was selected for LADWP's generation portfolio because the Solar Facility:

- Can use existing transmission capacity at the BRSS.
- Is high in LADWP's OASIS queue for interconnection requests.
- Has excellent solar insolation due to location.
- Is located in a region where LADWP has existing operation and maintenance crews.
- Has an offer of ownership opportunity after tax benefits are expired.

PPA Summary

Due to the location and limited transmission availability which would increase costs to other SCPPA participants, the other SCPPA members decided not to be participants in the PPA, leaving LADWP as the only participant. To limit administrative costs and centralize management functions, it was decided to redefine the PPA exclusively between LADWP and Recurrent.

RE Barren Ridge 1 LLC, the counterparty to the PPA and the Purchase Option, is a wholly-owned subsidiary of Recurrent Energy Development Holdings, LLC, which is a wholly-owned subsidiary of Recurrent Energy, LLC.

RE Barren Ridge LandCo LLC, the counterparty to the Land Purchase Option, is a wholly-owned subsidiary of Recurrent Energy LandCo LLC, which is a wholly-owned subsidiary of Recurrent Energy US Holdings, LLC, which is wholly-owned subsidiary of Recurrent Energy Portfolio Holdings, LLC, which is a wholly-owned subsidiary of Recurrent Energy, LLC.

Recurrent Energy, LLC (Recurrent) has effectively been the main negotiating counterparty for the PPA, Purchase Option, Land Purchase Option and License Agreement.

The Solar Facility is located on non-tribal private lands, for which RE Barren Ridge LandCo LLC has a purchase option from private owners. The lease term between RE Barren Ridge 1 LLC and RE Barren Ridge LandCo LLC is for 20 years with the option to extend 3 times for 5 years each, for a total of 35 years.

The purchase of 60 MWs of capacity of renewable energy, for an average of 174,380 Megawatt hours (MWhs) of generation per year, would represent approximately 0.8 percent of the LADWP's resource requirements.

The renewable energy will be delivered through the BRSS, which is directly connected to LADWP's balancing authority transmission system. LADWP will receive all of the renewable energy delivered, the associated environmental attributes, and the rights, benefits and obligations provided under the PPA.

According to SB2 (1X), eligible renewable energy resources procured June 1, 2010, or after, are placed into three Portfolio Content Categories (PCC). PCC 1 must represent an increasing proportion of renewable energy, until 75 percent of this energy is achieved by 2020. PCC 1 energy is achieved if the renewable energy resource is interconnected with a California Balancing Authority. LADWP is a California Balancing Authority under SB2 (1X). Here, the Solar Facility will be interconnected to LADWP's balancing authority via a two-mile transmission line on United States Bureau of Land Management (BLM) land and interconnected with LADWP's BRSS. In addition to the PPA there is the License Agreement which is required in order for Recurrent to install and maintain two transmission towers and the electrical conductors located on LADWP land outside the BRSS. The License Agreement provides for an initial 20 year term which term can be extended up to 34 years and 11 months in order to cover the useful life of the project.

During each Contract Year, the Solar Facility must deliver facility energy in an amount equal to 80 percent of the Annual Contract Quantity for such period as set forth in Appendix C of the PPA. To the extent there is a shortfall of guaranteed energy delivered, that shortfall will be made up in the following Contract Year.

The PPA and Land Option Agreement require that RE Barren Ridge I LLC or RE Barren Ridge LandCo LLC (as applicable) obtain the consent of LADWP prior to any transactions that result in a change in control. A change in control is defined to include (1) any transaction in which in excess of 50 percent of the equity ownership of RE Barren Ridge I LLC, RE Barren Ridge LandCo LLC, or the holding companies that directly or indirectly control such entities is transferred to another person, (2) any merger or consolidation in which the members of any of such entities own less than 50 percent of the equity ownerships in the surviving entity, (3) a disposition of all or substantially all of the assets of any such entity, or (4) the dissolution or liquidation of any such entity. A change in control does not include a tax equity investment in which a tax equity investor obtains less than 100 percent of the equity interests.

The PPA allows LADWP the Right of First Offer (ROFO) prior to RE Barren Ridge 1 LLC commencing negotiations of the sale of the facility assets and if RE Barren Ridge 1 LLC and LADWP are unable to agree upon the terms and conditions within 90 days LADWP also has the Right of First Refusal (ROFR) if the third party sale is equal to or less than 110 percent of LADWP's proposed purchase price for the facility assets. The

ROFO and ROFR rights similarly apply to the underlying land where LADWP has the ROFR if the third party sale is equal to or less than 105 percent of LADWP's proposed purchase price for the underlying land.

Under the terms of the PPA, LADWP contractually agrees:

- To purchase test energy produced from the Solar Facility, expected to begin in early 2015, and 60 MW of solar energy from the time the Solar Facility is completed for a period of 20 years. The Solar Facility is expected to have a measured initial generation capacity factor of up to 33 percent with a 0.5 percent annual degradation. LADWP expects to receive on average 174,380 MWhs annually from this renewable energy resource.
- LADWP shall pay for the energy, at a fixed rate of \$67.83 per MWh, with no annual escalation factor, provided that any test energy and any excess energy (energy in excess of 120 percent of the annual contract quantity) are purchased at 75 percent of the price mentioned above.
- The estimated cost of the renewable energy and environmental attributes purchased over the 20-year term of the PPA is expected to be up to \$237 million.

Risk Management Provisions

In the event that RE Barren Ridge 1 LLC defaults on its land lease obligations at any time during the term of the PPA, the PPA allows LADWP to step in and assume lessee's rights or to purchase the land from the lessor.

The PPA provides performance securities in the form of a letter of credit or cash held in escrow for various stages of construction and through the life of the facility, which LADWP can draw upon if certain conditions are not met. From the effective date of the PPA to the Facility COD, the performance security required is \$3 million. After Facility COD, the performance security required increases to \$9.5 million, which is the level of security maintained until the end of the PPA term.

The PPA allows LADWP to withhold full payment of the fixed price of \$67.83 per MWh in the event the Solar Facility's energy no longer qualifies as PCC 1 Renewable Energy. RE Barren Ridge 1 LLC would be obligated to bring the Solar Facility's energy back into PCC 1 Renewable Energy compliance in order to collect full PPA price, otherwise pricing drops to an on-peak brown energy rate as published on the California ISO OASIS for the CAISO Day-Ahead Market SP-15 Trading Hub Day-Ahead Market Price, which for 2016 is roughly \$46.90.

There are five major milestones that the developer is required to meet; otherwise, liquidated damages (LDs) funded by the performance security will be collected.

No.	<u>Guaranteed Date</u>	<u>Milestone Description</u>	<u>Daily Liquidated Damages/Other Remedy</u>
1.	June 30, 2014	RE Barren Ridge 1 LLC has delivered a copy of the executed Generator Interconnection Agreement	\$5,000 per day
2.	April 1, 2015	RE Barren Ridge 1 LLC has entered into a Site Control Document with the BLM and has obtained Site Control	\$5,000 per day
3.	June 30, 2015	RE Barren Ridge 1 LLC has to obtain all Permits set forth in Appendix B-1 of the PPA	\$10,000 per day
4.	June 30, 2015	Begin construction of Facility	\$10,000 per day
5.	December 31, 2015	Guaranteed Commercial Operation Date	\$10,000 per day

If the Guaranteed COD milestone is not achieved by December 31, 2016, then LADWP has the right to terminate the PPA. LADWP may also terminate the PPA if liquidated damages accrue for more than 180 days per milestone.

LADWP has not done business before with RE Barren Ridge 1 LLC, RE Barren Ridge LandCo LLC, or their mutual parent company Recurrent Energy LLC affiliates.

City Administrative Officer (CAO) Report

The LADWP is awaiting the report by the CAO.

ENVIRONMENTAL DETERMINATION

To comply with the California Environmental Quality Act (CEQA), the Kern County prepared an environmental impact report (EIR) evaluating and disclosing the potential environmental impacts associated with the construction and operation of the RE Barren Ridge 1 Solar Generation Facility Project and approved a notice of determination (NOD) on December 12, 2011. The NOD included mitigation measures and a mitigation measures monitoring program which were made as conditions of approval of the project. A statement of overriding considerations was also adopted for the project by Kern County.

LADWP's action of purchasing the power from an approved project does not itself meet the definition of a project. In accordance with Section 15060 (c)(3) of the CEQA

Guidelines, an activity is not subject to CEQA if it does not meet the definition of a project. Section 15378 (b)(5) states that organizational or administrative activities that will not result in direct or indirect physical changes in the environment do not meet that definition. Since the proposed LADWP action is only for authorization to purchase power from the project but not to exercise the Purchase Option or Land Purchase Option at a later date, the proposed action is not subject to CEQA.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Agreement and Resolution as to form and legality.

ATTACHMENTS

- Resolution
- Agreement