

SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors
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Agenda Number:

Prepared on: 11/9/04
Department Name: PW/Laguna Sanitation District
Department No.: 054
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Continued Item: NO
If Yes, date from:
Document File Name:

TO: Board of Directors
Laguna County Sanitation District

FROM: Phillip M. Demery
Director, Public Works Department

STAFF CONTACT: Mark A. Schelich, Deputy Director, Resource Recovery & Waste Management Div.
Martin J. Wilder, District Manager, x8750

SUBJECT: Micro Turbine Cogeneration Project - Fourth Supervisorial District

Recommendation(s):

That the Board of Directors:

- A. Authorize the Public Works Director to execute the following agreement and appendices with the Pacific Gas & Electric Company related to self generation of electricity at the Laguna County Sanitation District wastewater reclamation plant:
- Generating Facility Interconnection Agreement;
 - Agreement for Installation of Special Facilities for Parallel Operation of Nonutility-Owned Generation (part of Appendix C); and,
 - Special Agreement for Electrical Standby Service (part of Appendix C).

Alignment with Board Strategic Plan:

The recommendation(s) are primarily aligned with Goal No. 1, "An Efficient Government Able to Anticipate and Respond Effectively to the Needs of the Community," and Goal No. 2, "A Safe and Healthy Community in Which to Live, Work, and Visit."

Executive Summary and Discussion:

The Board executed agreements with U.S. Energy Services, Inc. (not a local vendor) on March 23, 2004 to design and install micro turbines at the Laguna County Sanitation District wastewater reclamation plant. A total of five micro turbines will generate up to 35% of the plant's power needs in order to help offset overall power consumption. Two micro turbines will be fueled by methane produced by anaerobic digester and three will be fueled by natural gas.

As described in the agreements with U.S. Energy Services, Inc., the use of the micro turbines will save significant power costs and in approximately five years recoup the investment costs. The project is funded from a certificate of participation (COP) and was presented to the debt advisory committee (DAC) on November 5, 2003. Repayment of the COP is with revenues that would have otherwise been expended on electricity costs.

Installing the micro turbines creates an interconnection with the Pacific Gas & Electric Company (PG&E) distribution. Pursuant to requirements of the California Public Utilities Commission (CPIC), modifications to energy supply and production require entering into the following agreement and appendices with the service provider. The agreements are standard agreements approved by and filed with the California Public Utilities Commission (CPUC).

Generator Interconnection Agreement. This agreement provides for the District to interconnect and operate its generating facilities in parallel with PG&E's distribution system.

Agreement for Installation of Special Facilities for Parallel Operation of Nonutility owned Generation. This agreement specifies the cost of the interconnection facilities to be constructed and owned by PG&E.

Special Agreement for Electrical Standby Service. Under this agreement, PG&E will reserve transmission or distribution capacity to be ready at all times in the event electricity is needed on an irregular or non-continuous basis.

This action, therefore, requests execution of the above described agreements in order to authorize the activation of the micro turbine system.

Mandates and Service Levels:

There are no changes to service levels with this action.

Fiscal and Facilities Impacts:

Funding is available through a COP and CPUC rebate. Present year revenues will fund payment and performance bonding. Debt service will be made with existing revenues being redirected from power cost savings.

Special Instructions:

Please execute four (4) originals of each agreement and appendices. Please retain one original of each agreement and appendices for the Clerk of the Board records, and return the other three (3) originals of each agreement along with a certified copy of the minute order to the Resource Recovery & Waste Management Division, attention Christy Angkahan in Santa Maria, extension 8750. Upon completion by PG&E, a fully executed agreement with appendices will be forwarded to the Clerk of the Board for filing.

Concurrence:

County Counsel