



# Memorandum

## MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Reviewed by Wmm Date 1/9/09  
General Manager

DATE: January 8, 2009  
TO: General Manager  
FROM: Information Systems Manager  
SUBJECT: LFG Power Sales Contracts

**RECOMMENDATION:** That the Board authorize the General Manager, with District Counsel's review, to sign an interim agreement with PG&E to purchase all power produced by District's Landfill Gas to Energy Facility, effective February 1, 2009.

### DISCUSSION

District staff is continuing its discussions with PG&E staff on the terms of a new 10-year Power Purchase and Sales Agreement (PPSA). The process is taking longer than anticipated and staff now plans on bringing a Term Sheet or the new contract before the Board in February or as soon thereafter as possible. In the meantime, staff proposes to sell all the power to PG&E under an interim agreement of three to six months.

The District's power is now being sold to PG&E and 3Phase Inc., an energy service provider. The District's agreement with 3Phase is expiring and our new engine 4 will begin operation around the beginning of February. This "bridge agreement" will allow the District to sell the power from these units to PG&E for a short time until the 10-year agreement is signed or staff finds another buyer for the electricity. PG&E is permitted to make this kind of agreement at a much lower authority level than is necessary for the extensive 10-year agreement.

This interim agreement does not commit the District, or PG&E, to any particular terms of the 10-year agreement. It does however; pave the way on the administrative processes for the new agreement. Currently, three different meters, two different scheduling coordinators (SC) and manual PG&E staff effort is involved for the administration of the existing agreements. This interim agreement would require only one meter, one SC and eliminate the current manual efforts. If no long term agreement is reached with PG&E, the District can return to the current method of selling the power to two different buyers for the remaining five years on the PG&E contract.

The terms of this interim agreement are not yet finalized but a term sheet may be available at the Board meeting. Staff anticipates only a slight increase in revenue of up to 5%. The value for both parties is in the administrative improvements and PG&E receiving the District's additional renewable energy.

Staff will not proceed unless the revenue is at least equivalent to alternative options.

Don Prescott  
Don Prescott