



Connections

The current of the Valley

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Energy Watch

KRC D Community Power Plant Will Meet Emission Standards

On January 25, 2007, the California Public Utilities Commission (PUC) adopted an interim Greenhouse Gas Emissions Performance Standard in an effort to help mitigate climate change.

It is a facility-based emissions standard requiring all new long-term commitments (5 years or more) for base-load generation serving California consumers be with power plants that have emissions no greater than a combined cycle gas turbine plant similar to the proposed KRC D Community Power Plant.

The PUC's actions implement Senate Bill 1368 (Perata), which prohibits load-serving entities (i.e., investor-owned utilities, energy service providers, community choice aggregators) from entering into long-term financial commitments for base-load generation unless it complies with a Greenhouse Gas Emissions Performance Standard.

Governor Arnold Schwarzenegger called to restrict the amount of greenhouse gas California industries could emit, pushing California into the forefront of international efforts to combat global warming. The goal is to meet a 25 percent reduction of greenhouse gas emissions by 2020.

"The Emissions Performance Standard is a vital step towards achieving the emission reduction goals of AB 32, the Global Warming Solutions Act, and protecting our ratepayers against the risk of high carbon prices in the not-too-distant future," said

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Power Authority Approves Regional Energy Plan

At the first board meeting of the newly formed San Joaquin Valley Power Authority held on January 25, Authority directors approved the Community Choice Aggregation Implementation Plan for submittal to the California Public Utilities Commission (PUC).

"Approving this plan brings us one step closer to providing local businesses and residents more stable and reliable energy," stated Tom Haglund, Hanford's Deputy City Manager and the Authority's newly selected chair.

"This is clearly a significant accomplishment and milestone for these agencies," said David Orth, KRC D general manager and the Authority's program manager. KRC D has worked with the Authority's partners the past several years to establish Community Choice. "We have built a good solid record and a sense of commitment to where we are going. Community Choice is one giant step closer."

The Implementation Plan, which is a culmination of several years of effort by the Authority's 13 member agencies and KRC D, addresses all PUC requirements and those of Assembly Bill 117, the law enacting Community Choice Aggregation. "The Implementation Plan is no different than a business plan. It spells out how the Authority's Community Choice program will be managed from finances to operations," Haglund said. Once the plan is certified by the PUC, the gov-



Authority members meet for the first time as a newly formed regional energy entity.

erning bodies of the 13 member agencies will have one more opportunity to decline participation in the Community Choice program before implementation, now scheduled to start as early as November 2007.

On January 29, KRC D submitted on behalf of the Authority the Community Choice Implementation Plan to the PUC. This is the first such plan in the state to be submitted.

The Authority will provide policy direction for the implementation and management of the Community Choice program, including the setting of electrical generation rates for customers. Transmission and distribution rates will continue to be set by the investor-owned utilities, PG&E and SCE. The Authority's rates have been conservatively projected to result in a 5 percent savings on generation costs. The

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Citigroup Selected As Energy Provider

An innovative energy program is one step closer to becoming a reality with the announcement by KRC D of the selection of Citigroup to supply energy to the San Joaquin Valley Power Authority's (Authority) Community Choice program.

"Citigroup brings to the table a highly qualified team backed by the largest financial services firm in the world," said David Orth, KRC D's general manager and the Authority's program manager. "KRC D is pleased that Citigroup has become our partner in making

Citigroup, cont.

Community Choice a success." As a pre-eminent Fortune 500 financial services company, Citigroup maintains the highest ratings of any domestic bank with extensive experience in managing significant energy portfolios.

KRCD is negotiating a term sheet with Citigroup to supply energy to future Community Choice customers while meeting the program's objectives. "Citigroup has demonstrated their commitment to the objectives of Community Choice of providing a reliable, affordable energy supply," stated Dave Orth.

The selection of Citigroup resulted from a competitive bid process that started in September 2006 when KRCD issued a Request for Bids. The final bids were evaluated using five criteria including: pricing, financial viability, operational experience, reliability and environmental attributes of proposed power supply and an understanding of program requirements.

Citigroup was selected based primarily on price advantage, demonstrated understanding of the program, and expressed commitment to the success of the program. "They were able to commit to a pricing structure that would ensure costs were predictable and stable which is critical to the success of Community Choice," stated Orth.

Citigroup will provide initial power to the program through a contract with KRCD. Once the KRCD Community Power Plant begins operation at the end of 2010, it will be integrated into the program's energy portfolio. KRCD is proposing to develop, construct and operate a 500-megawatt, base-load, natural gas-fired power plant. KRCD is currently conducting pre-permitting activities for the Community Power Plant at a site south of the Parlier Wastewater Treatment Plant on Bethel Avenue between Manning and Dinuba Avenues.

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Kings River Conservation District (559) 237-5567

4886 E. Jensen Ave., Fresno, CA 93725
www.krccd.org comments@krccd.org

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PUC Commissioner Dian M. Grueneich. "At the same time, this decision leaves the door open to new, advanced technologies and carbon sequestration projects that will allow the energy industry to develop clean and sustainable sources of power."

Following these standards, the KRCD Community Power Plant will be equipped with state-of-the-art, combined-cycle technology and will use the most stringent control devices available in the state of California. After going through rigorous processes with the California Energy Commission (CEC) and the Air Pollution Control District, KRCD will have to demonstrate that the proposed plant neither causes nor significantly contributes to a violation of health standards. The CEC will not approve a project that has any negative net impacts to air quality.

KRCD And Valley Entities Partner To Form Regional Energy Office

KRCD is partnering with the San Joaquin Valley Air Pollution Control District, Valley CAN, the Regional Jobs Initiative and local businesses and public

entities to form the San Joaquin Valley Regional Energy Office, one of many projects proposed by the California Partnership for the San Joaquin Valley. Given the region's environmental challenges and access to natural resources (e.g., ag waste and sun), economic development practitioners, university officials and clean air advocates have identified renewable energy as an emerging economic opportunity. However, there is limited technical capacity in the region to support the development of this emerging opportunity. The Regional Energy Office would serve as a central source of information, technical support and applied research to help businesses and local government develop and deploy clean energy solutions.

Governor Arnold Schwarzenegger signed Executive Order S-22-06 to reauthorize the California Partnership for the San Joaquin Valley on November 28, 2006. The Partnership is a collaborative effort between state agencies that has helped coordinate state and regional efforts to revitalize the Central Valley.

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region's cumulative savings over a 20-year period are estimated at over \$780 million.

"This is truly a local effort with representation from a cross section of our region's city and county governments," stated Orth, "Community Choice will give residents better access to rate setting hearings and the governing body responsible for setting those rates."

There will be four phases to Community Choice implementation. During Phase 1, the program will serve the participating municipalities' own electrical loads. Phase 2 will incorporate large commercial and industrial customers. Phase 3 will include medium commercial accounts, and Phase 4 will add all remaining accounts including residents and small businesses. It is anticipated that all customers will be phased into the program by late 2008.

During the historic organizational meeting on January 25, directors were installed and officers were selected. Along with Chairman Haglund, Kerman City Manager Ron Manfredi was selected vice chair. Lemoore Administrative Analyst John Tyler was named secretary, and Kings County Administrative

Officer Larry Spikes was appointed treasurer/auditor.

For more information about the Authority's Community Choice program, visit www.communitychoice.info.

To download the Implementation Plan, please use the following direct link: http://www.communitychoice.info/_pdf/Implementation_Plan.pdf. Please note that the file size is 32 megabytes and may take a few minutes to download.

San Joaquin Valley Power Authority Member Agency List: Kings County, cities of Clovis, Corcoran, Dinuba, Fresno, Kerman, Kingsburg, Lemoore, Hanford, Parlier, Reedley, Selma and Sanger.

Tulare County's Board of Supervisors took action in December 2006 to investigate the feasibility of joining the Authority's Community Choice program. Once the feasibility analysis is completed, it is anticipated that the Authority will consider Tulare County's request to join the Authority, making them the fourteenth member.