

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

802A



FROM: Waste Management Department

SUBMITTAL DATE:
January 5, 2004

SUBJECT: Badlands Landfill Five-Year Gas Power Sale Agreement with the City of Riverside

RECOMMENDED MOTION: Approve the attached Agreement with the City of Riverside for sale of power generated at the Badlands Landfill, and authorize the General Manager-Chief Engineer to execute it on behalf of the County.

BACKGROUND: This Agreement replaces the one-year power sale contract with the City of Riverside authorized by the Board on October 22, 2002. The one year contract with the City of Riverside replaced a previous short term (80 day) contract with the City of Riverside, which in turn replaced a power sale contract with Enron, which was terminated on July 1, 2002. As mentioned in the October 22, 2002 Form 11 (Badlands Landfill Gas Power Sale Agreement with the City of Riverside), staff has reached its goal of securing a long term power sale agreement. The agreement is with the City of Riverside and the negotiated sales price is \$54 per megawatt (MW). Staff believes that this above average sales price is mostly due to the City's desire to add to its Green Power portfolio.
(Continued)

FORM APPROVED
COUNTY COUNSEL

JAN 07 2004

BY *Joseph R. McCann* Departmental Concurrence

Joseph R. McCann
Joseph R. McCann, General Manager-Chief Engineer

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	

SOURCE OF FUNDS:	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

M. Sigano

County Executive Office Signature

Policy
 Policy
 Consent
 Consent
 Dep't Recomm.:
 Per Exec. Ofc.:

Prev. Agn. Ref.: 12.1 (10/22/02) | District: 5 | Agenda Number:

**ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD**

12.1

F11 - Badlands Landfill Five-Year Gas Power Sale Agreement with the City of Riverside

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This new agreement is for a five-year term and provides the County with 35% more revenue than the previous one-year contract with the City and 76% more revenue than the Enron contract without committing the County to annual production guarantees and penalties. This agreement applies only to Badlands Landfill and would need to be modified or extended if other units are considered at a later date.

As stated, there are no annual production guarantees or penalties in this agreement. However, there is a small penalty for not producing power that has been previously scheduled through the California Independent System Operator (CAISO) by the City of Riverside. The Waste Management Department (WMD) has been able to minimize this penalty on the one-year power sale agreement by calling City staff and un-scheduling power as soon as the plant shuts down. The plant is equipped with an auto-dialer that notifies WMD staff when the plant shuts down unexpectedly. Staff is on standby and equipped with pagers and cell phones to take the message and promptly call the City to un-schedule power if the plant can not be started back up quickly. Because un-scheduling power through the CAISO takes three to four hours to accomplish, the City has agreed to pay one-half of any penalties. During the one-year power sales agreement with the City of Riverside, the Badlands Gas-to-Energy plant produced more revenue from un-scheduled over-produced power than penalties for scheduled but not delivered power. WMD staff predicts even less penalties during the five-year power sales agreement for not delivering power when scheduled due to the fact that the City is paying for one-half of the penalty, there is increasingly more landfill gas to produce power, and the plant is becoming more reliable.

Currently, the Badlands Gas-to-Energy plant is operating at fifty percent capacity. The plant is being operated Monday through Friday, 16 hours per day, at 1.15 MW. Based on collected historical data, corrected landfill gas generation modeling, and the fact that landfill gas production is on the rise, it is anticipated that the plant will be at full capacity within several years.

HK:ft

Attachment