



Memorandum

TO: City Council

FROM: Mayor Chuck Reed

SUBJECT: SOLAR PPA

DATE: August 24, 2009

Approved

Chuck Reed

Date

8/24/09

RECOMMENDATION

Direct staff to reissue a new solar RFP as soon as possible for the two service yard sites with the goal of returning to council within 90 days with a recommended provider for a solar Power Purchase Agreement (PPA) with the following modifications to terms:

- 1 Eliminate the minimum energy generation requirements
- 2 Remove references to the right to terminate for non-appropriation of funds
- 3 Include a precedence order that assures payment for solar energy before payment of other sources of energy
- 4 Allow the city an option to terminate the PPA and buy the system at a price based on a schedule or formula to be agreed upon
- 5 Include a pay-as-you-go provision for power to be received in succeeding years
- 6 Provide for mutual indemnification
- 7 Provide for public works costs to be paid as incurred rather than up-front and refundable if the PPA is not entered into

Direct staff to retain outside counsel if necessary to determine how other cities have solved the problems with solar PPAs.

BACKGROUND

The City of San José's Green Vision, passed unanimously in October 2007, calls for 100% of the City's electricity to come from renewable sources within 15 years. As government we must demonstrate the benefits of solar both financially and environmentally. However up to this point we have been unsuccessful in our attempts to enter into PPAs due to the issues listed above. Making these modifications will also allow the City of San José to complete these PPAs as well as enable us to move closer to achieving our larger goal of 50 MW of solar installations.