



**Department of Energy**  
Western Area Power Administration  
Sierra Nevada Region  
114 Parkshore Drive  
Folsom, California 95630-4710

JUL - 6 2016

Letter of Agreement 16-SNR-01997

Mr. Randy Howard  
General Manager  
Northern California Power Agency  
651 Commerce Drive  
Roseville, CA 95678

Dear Mr. Howard:

The Northern California Power Agency (NCPA) is a customer of the Western Area Power Administration's (Western) Sierra Nevada Region (SNR) and has executed Base Resource Contract 04-SNR-00782 with Western. Some of SNR's customers have requested that SNR make the renewable energy credits (RECs) that may be associated with SNR's hydropower generation available to them to assist in meeting their renewable requirements. Although SNR is willing to initiate a 2016 RECs program, SNR does not warrant or represent that the RECs it provides under this program will satisfy any Federal or State renewable portfolio standards.

This Letter of Agreement (LOA) provides the terms and conditions under which SNR will apportion RECs to participants in the 2016 REC Program in association with power generated in 2016.

1 Participation in SNR's RECs Program:

- 1.1 In order to receive an apportionment of RECs from SNR's RECs Program, NCPA must be a Western Renewable Energy Generation Information System (WREGIS) Account Holder. SNR will not apportion or create RECs for NCPA until its WREGIS Account Holder status has been verified.
- 1.2 Project use customers may participate in SNR'S RECs program by providing written notice to Western at least 60 days prior to the first day of the first month that such customer desires to begin participation.
- 1.3 All RECs provided under this LOA shall be from the vintages January 2016 through December 2016.

1.4 For the purposes of participating in SNR's RECs program under this LOA, NCPA shall include the following members and the base resource percentages they have assigned to NCPA:

- 1.4.1 Alameda Municipal Power
- 1.4.2 Biggs, City of
- 1.4.3 Gridley, City of
- 1.4.4 Healdsburg, City of
- 1.4.5 Lodi, City of
- 1.4.6 Lompoc, City of
- 1.4.7 Oakland, Port of
- 1.4.8 Plumas-Sierra Rural Electric Cooperative
- 1.4.9 Ukiah, City of

2 Definitions:

- 2.1 "CVP RECs" shall mean the renewable energy credits that may be associated with the megawatthours from Central Valley Project hydropower generation.
- 2.2 "Stampede RECs" shall mean the renewable energy credits that may be associated with the megawatthours from the Washoe Project hydropower generation.
- 2.3 "Unclaimed RECs" shall mean the renewable energy credits that may be associated with SNR's hydropower generation from Lewiston, Nimbus and Stampede that are not being claimed by other preference or project use customers.

3 Apportionment of RECs:

SNR will apportion the RECs in a three-step process. Calculation of apportionments will be completed as follows:

3.1 CVP RECs:

- 3.1.1 SNR will calculate the amount of Base Resource NCPA received in calendar year 2015 based on the sum of power scheduled to NCPA from its Base Resource percentage and its contribution to or allocation from the Hourly Exchange Program.
- 3.1.2 SNR will then calculate NCPA's total Base Resource percentage for calendar year 2015 by dividing the amount of Base Resource NCPA received in calendar year 2015 by the total Base Resource hydropower generation available in calendar year 2015.

3.1.3 Finally, SNR will apply NCPA's total Base Resource percentage as determined in Subsection 3.1.2 above to the total CVP RECs available for each month in 2016 to determine NCPA's apportionment of CVP RECs for each of these months.

3.2 Unclaimed RECs:

3.2.1 SNR will normalize the participating customers' Base Resource percentages for calendar year 2015 by dividing each customer's Base Resource percentage by the total of all participating customers' Base Resource percentages.

3.2.2 SNR will then apply NCPA's normalized percentage to the total Unclaimed RECs for each month in 2016 to determine NCPA's apportionment of Unclaimed RECs.

3.2.3 NCPA acknowledges that its normalized percentage, used for the apportionment of Unclaimed RECs, may change during the term of this LOA depending on the number of participating customers.

3.3 Stampede RECs:

Stampede RECs will be held in WREGIS until SNR can determine the annual amount of RECs due to the Truckee Donner Public Utility District (TDPUD) and the City of Fallon (Fallon) before allocating the Stampede RECs to others. Once SNR has determined the percentage of the Stampede RECs to be provided to TDPUD and Fallon due to their contributions to the Washoe Project, the remaining Stampede RECs will be apportioned to the participants pursuant to the procedures provided in Subsections 3.1 and 3.2 above.

3.4 SNR will transfer NCPA's CVP and Unclaimed RECs apportionments through WREGIS after the RECs have been created by WREGIS.

3.5 SNR will transfer Stampede RECs apportionments through WREGIS after the TDPUD and Fallon percentage has been determined and the Stampede RECs have been created by WREGIS.

4 Nontransferable:

NCPA hereby acknowledges and agrees that RECs associated with Western power are neither transferable nor available for resale by NCPA; Except That, NCPA may transfer RECs received through SNR's RECs program to the members listed in Subsection 1.4 above.

5 Compensation to Western:

5.1 Western's costs to administer SNR's RECs program will be paid by those participants receiving an apportionment of SNR's RECs through WREGIS. Each participant's costs will be determined based on the participant's *pro rata* share of RECs. Western's costs will include, but are not limited to, the following:

5.1.1 Western's costs to join WREGIS as an account holder;

5.1.2 Western's costs for WREGIS to create RECs;

5.1.3 Western's costs for transferring RECs from its WREGIS account to participant's WREGIS account;

5.1.4 Any other costs Western may incur for its participation in WREGIS to operate this program; and

5.1.5 Any other costs Western may incur from a third-party due to providing services hereunder.

5.2 These costs will be provided as a line item on NCPA's monthly electric service bill from Western.

6 General Power Contract Provisions:

The General Power Contract Provisions dated September 1, 2007, are attached hereto and are hereby made a part of this LOA the same as if they had been expressly set forth herein.

7 Term:

7.1 This LOA must be signed by NCPA on or before September 1, 2016 in order for NCPA to participate in SNR's 2016 RECs program.

7.2 This LOA shall become effective on September 1, 2016, and shall terminate August 31, 2017; provided that either NCPA or SNR may terminate this LOA upon 30 days advance written notice. All obligations created under this LOA while in effect shall remain until satisfied.

If you are in agreement with the terms and conditions written above, please indicate your approval by signing and dating both originals of this LOA and return one to

Ms. Ruth Nye (N6205) at this office. If you have any questions, please contact Sandee Peebles at (916) 353-4454.

Sincerely,



Sonja A. Anderson  
Vice President of Power Marketing  
for Sierra Nevada Region

In Duplicate

NORTHERN CALIFORNIA POWER AGENCY

By: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
Date: \_\_\_\_\_