ADDENDUM NO. 1: CLARIFICATIONS AND RESPONSES TO QUESTIONS

REQUEST FOR INFORMATION
DRY ANAEROBIC DIGESTION FACILITY
PALO ALTO, CALIFORNIA

October 1, 2010

1. Facility Ownership: Ownership of the facility may be by the City of Palo Alto or by a private company. The City is reviewing these options as part of the Feasibility Study.

2. Separate Cell for Biosolids: A question was raised as to why the City was considering separate cells for digestion of the biosolids from digestion of the yard and food waste. This is not a regulatory requirement. This is being considered since it is thought that addition of biosolids in the same cell(s) may make it more difficult to market the compost product, either because of real or perceived concerns regarding metal content, or other possible contaminants. Metal content of the biosolids was provided in Attachment 3 of the RFI. We would be interested in hearing your views in this regard.

3. Estimates of Electric and Gas Rates to be used in Feasibility Study: As a point of clarification, the City will prepare estimates of annual energy revenues for the feasibility study based on unit values made available by the city utility. The CPUC MPR values presented in the RFI for electric and gas sales were provided for information purposes. As requested in the RFI, please provide estimates of both gross production of electricity and/or biogas, and the net quantity of electricity and/or biogas to be sold, after accounting for in plant use.

It should also be noted that the RFI incorrectly implied that the dry anaerobic digestion facility might be eligible for the Self-Generated Incentive Program (SGiP). This is not the case as the city is served by its own city utility.

4. Site Visits Possible: Those interested in visiting the proposed site for the anaerobic digestion facility should contact Phil Bobel to make arrangements. His contact information is as follows:

- Telephone: 650-329-2285
- Email: Phil.Bobel@cityofpaloalto.org