



PALO ALTO CLEAN

CLEAN LOCAL ENERGY ACCESSIBLE NOW

PROGRAM HANDBOOK

City of Palo Alto Utilities
May 9, 2017

Questions about Palo Alto CLEAN?

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Program Overview

Palo Alto CLEAN (Clean Local Energy Accessible Now) is a program to purchase electricity generated by eligible renewable energy resources located in City of Palo Alto Utilities (CPAU) service territory, which coincides with the Palo Alto city boundaries. The power is separately metered and delivered wholesale to CPAU, and it is then used to fulfill CPAU's renewable goals. Programs like this are also known as "feed-in tariff" programs in reference to the fact that the power is "fed into" the electric grid. None of the power is used to offset the host customer's load, in contrast to a net metering program.

The program was adopted in March 2012, and was revised in January 2013, February 2014, May 2015, March 2016, February 2017, and May 2017. CPAU is currently offering to purchase the output from renewable energy generation facilities according to the rates in the following table.

| Resource Description | Contract Term | Contract Rate |
|--|---------------------|---------------|
| Solar resources, up to 3 MW total | 15, 20, or 25 years | 16.5 ¢/kWh |
| Solar resources, greater than 3 MW total | 15 years | 8.8 ¢/kWh |
| | 20 years | 8.9 ¢/kWh |
| | 25 years | 9.1 ¢/kWh |
| Non-solar resources | 15 years | 8.3 ¢/kWh |
| | 20 years | 8.4 ¢/kWh |
| | 25 years | 8.5 ¢/kWh |

As shown in the table, there is no total program cap on the capacity participating in the program; there is only a cap on the solar capacity that can receive the 16.5 ¢/kWh contract rate.

CPAU staff will review and re-evaluate the program status, terms, and contract rates with the Palo Alto City Council and Utilities Advisory Commission on an approximately annual basis.

Summary of Program Rules

- CPAU will sign power purchase agreements (PPAs) for the output of eligible renewable energy generation facilities.
- There is no total program capacity limit.
- Each PPA will entitle CPAU to the entire output of the generating facility, including all energy, renewable energy credits (RECs), and capacity attributes, if any.
- The energy from the generating facility must be delivered to CPAU. No part of the energy may be used to serve the customer load on the host site or any other customer load.
- Generating facilities must be located in the CPAU service territory (which corresponds to the Palo Alto city limits).
- Generating facilities required by the California Independent System Operator (CAISO) to participate in ISO markets (typically those facilities larger than 1 MW) are subject to additional scheduling and forecasting requirements.
- There are no limitations on how many generating facilities any single developer or customer may develop.
- Developers are responsible for obtaining CEC Certification. RECs from the project will be created and tracked in the Western Renewable Energy Generation Information System (WREGIS). CPAU will register each generator under the CPAU WREGIS account and will be responsible for uploading meter data.
- Project developers may not seek other CPAU ratepayer - funded rebates for the generating facility. Any facility that has already received a rebate is not eligible for the program.

Timeline of a Palo Alto CLEAN Project

The chart below shows how you can expect your Palo Alto CLEAN project to progress:

| | |
|----------------------------------|--|
| <u>Site Identification</u> | Identify a site for your project. |
| <u>Site Control</u> | Obtain site control for the entire term of the PPA. |
| <u>Preliminary Design</u> | Develop a preliminary design for the project. |
| <u>Application Submittal</u> | Submit an application. Applications are accepted in the order received. Pay reservation deposit within ten days. |
| <u>Permit Submittal</u> | Prepare your project for Building Permit and Interconnection Submittal. Your permit application will be accepted at the City's Development Center and routed to our Electric Engineering Division for interconnection review. |
| <u>Permit Review</u> | The Development Center and Electric Engineering Division will return initial comments. At this time, if the interconnection will require no significant review or costs, the Electric Engineering Division will send an interconnection agreement for your signature. If additional interconnection review is required, an Advance Engineering Fee may be required. |
| <u>Interconnection Agreement</u> | Upon receipt of the Interconnection Agreement you will be required to submit a deposit for any interconnection costs. At this time you may terminate your PPA instead of submitting the deposit and proceeding with interconnection. If you exercise this option your full reservation deposit will be returned, but not any permit review fees. |
| <u>Project Construction</u> | Following Building Permit issuance and signature of the Interconnection Agreement the applicant can proceed with project construction. At some point prior to completing construction CPAU recommends you apply for pre-certification of the project with the California Energy Commission (CEC) to ensure the entire output of the project is certified as eligible to fulfill Renewable Portfolio Standard (RPS) requirements starting on the Commercial Operation Date. Uncertified energy is not eligible for the full |

contract price. CPAU will commence registration of the project with WREGIS during this time.

Commercial Operation

Upon final building inspection CPAU will send a letter memorializing the commercial operation date. At this point CPAU will return your total reservation deposit or any smaller portion of the deposit you are eligible to receive. CPAU will begin sending payments for energy produced, but the payments will be made at the pre-certification rate until the CEC certifies the project as eligible to fulfill RPS requirements.

Development of Palo Alto CLEAN Projects

1.0 Site Identification and Control

1.1 Types of Projects Accepted

All projects must be eligible renewable energy resources. There are no limitations on the type of solar technology used to receive the contract price for solar resources. The eligible renewable energy generating facility may be located anywhere in Palo Alto city limits so long as it complies with all City codes and generator interconnection requirements. Ground mounted, rooftop mounted, or carport solar projects are acceptable, but CPAU recommends you investigate the codes and requirements applicable to your site prior to submitting an application.

1.2 Proof of Site Control

Evidence of site control for the entire term of the contract is required in order to submit an application. CPAU requires documentation showing ownership of, a leasehold interest in, or a right to develop property upon which the Generating Facility will be located for the entire term of the contract being requested, or an option to acquire such ownership, leasehold interest, or right to develop.

2.0 Application Process

2.1 Submittal Process

Applications will only be accepted by e-mail, and must be sent to PACLEAN@cityofpaloalto.org. Applications will be considered in the order received.

2.2 Where and When to Submit

The application is considered "submitted" on the date and time CPAU has received all required documents in Section 2.3, below, with the exception of the reservation deposit, which must be paid within ten business days following application submittal. See Section 2.4, below, for instructions on how to submit a reservation deposit. If the deposit is not received by the end of the tenth business day, the application will be rejected. Please note that the maximum attachment size accepted by the City's e-mail system is 20 MB. To ensure your application is accepted, we recommend sending attachments no larger than 10 MB. If it is necessary to send multiple e-mails to send all of the application materials, please note that fact in your first e-mail. The time and date of the first e-mail will be considered the time and

date your application was submitted so long as all application materials are received within two hours of that e-mail.

CPAU will notify applicants of their application's status by e-mail within five business days, and will mail a copy of the executed PPA within ten business days of receipt of the reservation deposit (see Section 2.4, below).

2.3 Submittal Requirements

All of the following items are required before an application will be considered "submitted," with the exception of the reservation deposit, which must be paid within ten business days of the submittal date of the application:

- Applicant, system owner, and site owner contact information.
- Description of the generating system
- Preliminary single-line diagram
- Preliminary site diagram showing the project site and layout
- Two signed copies of the Palo Alto CLEAN standard Power Purchase Agreement
- Proof of site control (see 1.2, above)
- Two signed copies of the WREGIS Assignment of Registration Rights Agreement (see 4.3, below)
- Federal Internal Revenue Service Form W-9
- Reservation deposit (see 2.4, below)

2.4 Reservation Deposit

The reservation deposit must be paid within ten business days of application submittal. The preferred method for submitting a reservation deposit is a certificate of deposit payable to the City of Palo Alto, but submitting a payment by check or wire transfer is also acceptable.

- ▶ **Check:** Checks should be made out to the City of Palo Alto and may be submitted by mail to:

City of Palo Alto, Attn: PA CLEAN
Utilities RMD, 3rd Floor
250 Hamilton Ave
Palo Alto, CA 94301

or in person at the Revenue Collections Desk in the lobby of the Civic Center at 250 Hamilton Ave, Palo Alto, CA during normal business hours.

- ▶ **Wire Transfer:** To submit by wire transfer, send notification of the payment to both PACLEAN@cityofpaloalto.org and TreasuryNotice2@cityofpaloalto.org. The City's wire transfer information is as follows:

Bank Name: Wells Fargo Bank, N.A.
Bank Routing (RTN/ABA) Number: 121 000 248
Account Number: 412 107 6145
Beneficiary Account Name: City of Palo Alto
Type of Account: Checking
Bank Address, City, State:
420 Montgomery Street, San Francisco, CA 94104
Federal Tax ID #: 94 6000 389
For International Transfer Only:
International SWIFT BIC WFBIUS6S

The deposit will be returned:

- ▶ If, for whatever reason, CPAU is unable to accept the application.
- ▶ Upon early termination of the PPA by the applicant prior to Commercial Operation Date, subject to the rules regarding such early termination in Section 7.0 of the PPA.
- ▶ Upon the commercial operation date of the project, subject to the rules regarding timely completion of the project in Section 7.0 of the PPA.

2.5 Determining Priority

Applications are accepted in the order received based on the date and time stamp of the e-mailed application received by the City at paclean@cityofpaloalto.org. In the event multiple applications are received simultaneously, all will be assigned an application number and precedence will be established by the use of the random number

generator at random.org, or another publicly verifiable random number generator in the event random.org is not available.

For the purpose of determining whether applications were received simultaneously, applications will be considered received based on the date and time stamp on the e-mail. If multiple copies of the same application are received, the time stamp on the first e-mail received will be used. The time stamp on the City's e-mail system shows the hour, minute, and second the e-mail was received.

3.0 Permitting

3.1 Time to Complete Project

Applicants have one year from the execution date of the PPA to achieve Commercial Operation for the proposed project. If Commercial Operation is achieved after that time, the amount of the Reservation Deposit returned is reduced for each full week the project is delayed (see Section 5.1 and Section 7.0 of the PPA). If commercial operation has not been achieved one year plus ten weeks after the execution date of the PPA, CPAU retains the option to terminate the PPA.

3.2 Permit Submittal

Applicants apply for a building permit and interconnection agreement at the City's Development Center. The Building Division manages the routing of applications for review by all necessary departments. Consult the City's Building Division with questions about building permit requirements and the project review process. The Division maintains pre-submittal and inspection checklists that detail the City's code requirements. Visit the City's website (<http://www.cityofpaloalto.org/gov/depts/ds/default.asp>) for the most recent versions of these checklists.

The City's Planning Division typically does not review rooftop solar projects, but if a project will involve landscape changes or carport or ground mounted solar systems, the applicant should consult the Planning Division to understand the code requirements applicable to the proposed project site.

3.3 Interconnection Review

Upon receipt of a project application routed from the City's Building Division, the Electric Engineering Division will review the project to determine whether it qualifies for simplified review or whether supplemental review or an interconnection study is required. If the

project qualifies for simplified review the Electric Engineering Division will send the applicant an Interconnection Agreement for signature.

If the project does not qualify, the applicant must pay an Advance Engineering Fee for additional evaluation work. Once the additional review is complete the Electric Engineering Division will send the applicant an Interconnection Agreement with an estimate of any additional interconnection costs. Upon receiving the interconnection agreement the applicant may either 1) execute and return the interconnection agreement along with payment for any additional estimated interconnection costs, or 2) notify CPAU in writing that the applicant is terminating the agreement. If this notification is received within 30 calendar days of the day CPAU notifies the applicant of the interconnection costs, the reservation deposit will be returned in full per Section 7.0 of the PPA. No portion of the building permit fees or Advance Engineering Fees will be returned.

See Utility Rule and Regulation 27 (Generator Interconnection) for more detail on the interconnection process.

4.0 Construction

4.1 Building Inspection

Consult the City's Building Division with questions about the building inspection process. The Division maintains inspection checklists that detail the City's code requirements. If there are any interconnection facilities to be constructed CPAU will build those facilities during the construction process. Once construction is completed and actual costs are known, CPAU will issue a final invoice for the interconnection facilities. CPAU may require the applicant to make an additional payment to the extent actual costs differ from the estimated costs.

4.2 CEC Pre-Certification

CPAU recommends that the applicant apply for pre-certification of the project from the California Energy Commission (CEC) at some point prior to Commercial Operation. Once the generating facility is completed the applicant must apply for CEC certification (see Section 5.2, below), and pre-certification ensures that certification will begin on the Commercial Operation Date, meaning that all energy output will be certified as eligible to fulfill Renewable Portfolio Standard (RPS) requirements. Per Section 2.4 of the PPA, CPAU will pay for any energy not certified by the CEC at the "Pre-Certification Price" rather than the contract price. See form CEC-RPS-1 published by the CEC for instructions on how to apply.

4.3 WREGIS Registration

During the construction process CPAU will begin registration of the project in WREGIS (the Western Renewable Energy Generation Information System). The system owner is required to assign to CPAU the right to register the project in WREGIS when submitting an application to the Palo Alto CLEAN program. This will enable CPAU to receive Renewable Energy Credits (RECs) from the system directly in its WREGIS account rather than having to execute a transfer of RECs each month. CPAU will be responsible for uploading the meter data to WREGIS each month to enable creation of the RECs.

5.0 Commercial Operation

5.1 Meter Set and Commercial Operation Date

The Commercial Operation Date for the generator is the date of the final building inspection by the City's Building Division. Prior to that CPAU's Electric Meter Shop will set a revenue meter that will be used for billing. Following the final inspection CPAU will send the applicant a letter memorializing the Commercial Operation Date, and the applicant must return a signed copy to CPAU. This letter is required before CPAU can complete WREGIS registration (see Section 4.3 above). WREGIS registration is a prerequisite for CEC Certification (see Section 5.2 below). At this time CPAU will return the entire reservation deposit or any portion of that deposit that the applicant is entitled to under Section 7.0 of the PPA.

5.2 CEC Certification

Within six months following the Commercial Operation Date the applicant is required to have the system certified by the California Energy Commission as eligible to fulfill Renewable Portfolio Standard (RPS) requirements. CPAU will pay for the output of the system at the pre-certification price until this certification is granted (see Section 2.4 of the PPA).

Typically CEC Certification is retroactive to the Commercial Operation Date if 1) the applicant has obtained CEC Pre-Certification for the project (see Section 4.2 above) or 2) the applicant has submitted an application for CEC Certification prior to the commercial operation date. If CPAU receives energy prior to certification and pays for it at the Pre-Certification Price, and that energy is later certified by the CEC as eligible to fulfill RPS requirements, CPAU will issue a true-up equal to the difference between the Pre-Certification Price and the Contract Price upon CEC certification.

See also Sections 2.4 and 3.1 of the PPA, as well as form CEC-RPS-1 published by the CEC.

5.3 Metering and Payment

Payment for the project output will be made monthly by check based on a City-provided revenue meter. The applicant will be responsible for the cost associated with the meter's telemetry system.

Additional Resources

Palo Alto CLEAN program website

www.cityofpaloalto.org/PAClean

City of Palo Alto Utilities Electric Engineering and Operations

<http://www.cityofpaloalto.org/gov/depts/utl/eng/default.asp>

City of Palo Alto Utilities Rule and Regulation 27 (Generator Interconnection)

<http://www.cityofpaloalto.org/civicax/filebank/documents/8215>

City of Palo Alto Utilities Electric Standard Drawings

<http://www.cityofpaloalto.org/gov/depts/utl/eng/electric/requirements.asp>

City of Palo Alto Building Division

<http://www.cityofpaloalto.org/gov/depts/ds/default.asp>

California Energy Commission Renewables Portfolio Standard Handbook and Generator Certification Application Forms

www.energy.ca.gov/renewables/documents/index.html#rps

Western Renewable Energy Generation Information System (WREGIS)

www.wregis.org