



**COUNTY OF PLACER**  
**Community Development/Resource Agency**

Michael J. Johnson, AICP  
Agency Director

**PLANNING**  
**SERVICES DIVISION**

EJ Ivaldi, Deputy Director

**MEMORANDUM**

**TO:** Honorable Board of Supervisors

**FROM:** Michael J. Johnson, AICP  
Agency Director

By Brett Storey, Senior Management Analyst

**DATE:** July 22, 2014

**SUBJECT:** **CABIN CREEK BIOMASS FACILITY UPDATE**

**ACTION REQUESTED**

1. Cabin Creek Biomass Facility – Status update. No Board action is requested.

**BACKGROUND**

Beginning in 2007, staff was directed by the Board to analyze and develop the potential for a biomass-to-energy facility within Placer County. After several years of analyses, design, and environmental work, a public/private project for the construction and operation of a biomass plant, to be located at the Cabin Creek Materials Recycling facility (Cabin Creek Biomass Facility or CCBF), was developed. On May 7, 2013, the Board of Supervisors certified the Final Environmental Impact Report including an Addendum for the Cabin Creek Biomass Facility project, adopted a Statement of Findings, and adopted a Mitigation Monitoring and Reporting Plan for the project. Several milestones must be reached before the project can be funded and begin construction. The County has been working with the Tahoe Regional Power Company (TRPC) to achieve these milestones for the Cabin Creek Biomass Facility project.

In April 2014, TRPC and Liberty Utilities reached an agreement on a tentative term sheet to develop a full Power Purchase Agreement (PPA) to sell 2MW of green electricity to Liberty Utilities. However since that time, staff has learned that Liberty has not yet signed the agreement while Liberty and its parent company, Algonquin Power and Utilities Corporation (Algonquin), investigate the option of investing in or owning outright the Cabin Creek facility. Whether Liberty or the current TRPC private investor group owns the facility should be neutral to the County. This new evaluation by Liberty and Algonquin does represent the potential for a delay with the ability to finance the project. The current project timeline (if Liberty/Algonquin either decides to invest or sign the agreement to finalize the PPA soon) would allow construction to begin in May 2015 (or as soon as site conditions permit) and the facility to generate electricity and bio-char by March 2016.

The Cabin Creek Biomass Facility will generate approximately one-third of its annual income from the sale of the bio-char co-product. Bio-char is the carbonized wood chip product remaining after the gasification process. The bio-char will be sold for soil amendments, as a filter media for water treatment and other systems, and other potential uses. In order to assist in the development of the CCBF, the County will also be involved in the purchase and sale of bio-char. On April 22, 2014, your Board approved the material terms for a proposed Bio-Char Purchase Agreement and authorized the CDRA Director, or designee, to negotiate a final Bio-Char Purchase Agreement consistent with the Board-approved material terms (including approval of County Counsel and Risk Management). Staff anticipates bringing the completed Agreement and the financial analysis to your August 26, 2014 meeting for

approval. The proposed bio-char agreement includes a 10-year term, and an obligation by the County to purchase 500 tons of bio-char per year with an initial purchase price of \$0.35 per pound.

Lastly, staff has negotiated a proposed Developer Agreement with TRPC to ensure that a strong relationship remains for the future of the project, and that the citizens of Placer County receive the potential for recovering the investment of the work to date. The proposed Developer Agreement provides for the County to pay to TRPC on a reimbursement basis up to \$1.5 million in United States Department of Energy grant funds for the purpose of developing and constructing the facility. In exchange, TRPC would agree to pay to the County on an annual installment basis up to \$2 million based on the financial performance of the facility. Staff anticipates bringing the completed Developer Agreement to your August 26, 2014 meeting for approval. TRPC's investor group is finalizing the information to acquire a loan for the expected investment to purchase the equipment, build the building, and prepare for operations. TRPC has informed the County that the Bio-Char Purchase Agreement and Developer Agreement are an essential part of this process and must be in place before funding. Also, the Placer County Air Pollution Control District is currently processing TRPC's permit request for operations. In addition to these actions, and once the loans have been secured, TRPC will make down payments on the specialized equipment that will run the biomass-to-energy operations at Cabin Creek.

cc: Holly Heinzen, Chief Assistant CEO  
Rob Sandman, Deputy County Counsel