



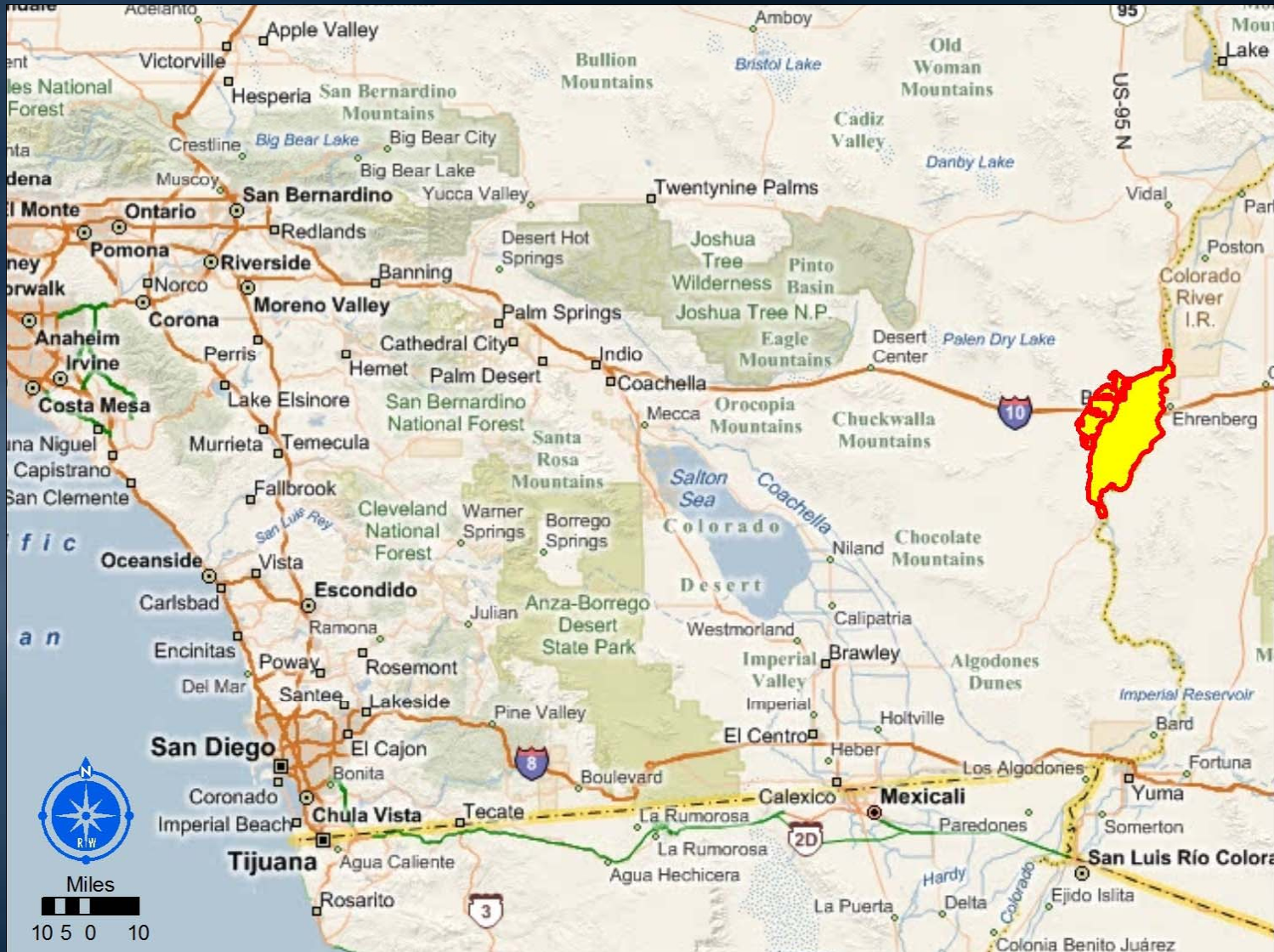
Renewable Energy Development on Palo Verde Mesa Land

Real Property & Asset Management Committee

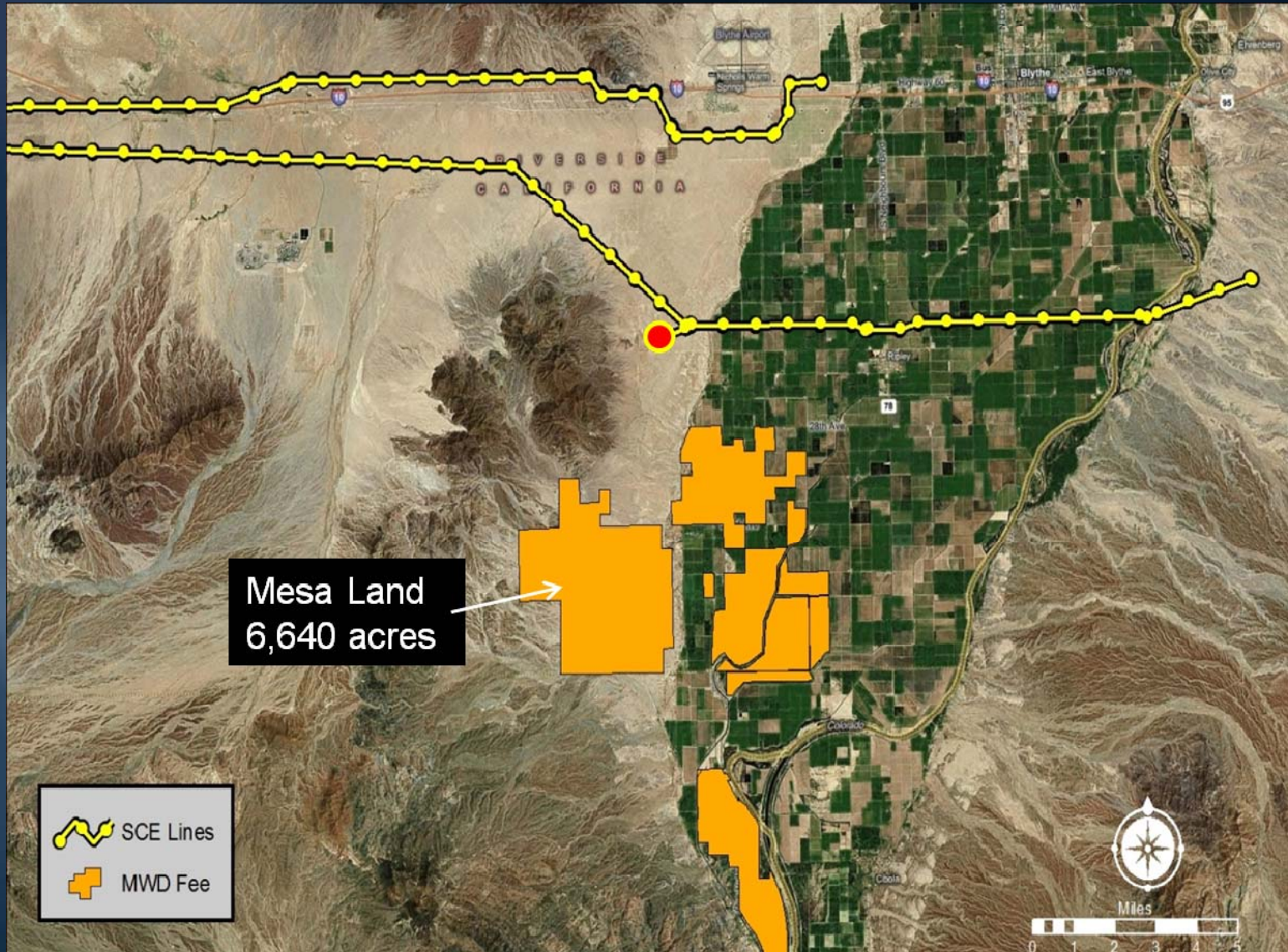
Item 8-2

June 22, 2010

Location Map



Palo Verde Mesa Land



Background

- Metropolitan acquired 16,344 acres in Palo Verde Valley from SDG&E
 - 9,704 acres of agricultural land under lease and part of fallowing program
 - 6,640 acres of mesa land is vacant; power generating facility had been planned but not built
 - Purchase price \$4,248,500
- Mesa land is desirable location for solar renewable energy projects

Background (cont.)

- Metropolitan has received unsolicited inquiries
 - Renewable Resources Group
 - BrightSource Energy, Inc.
 - Abengoa Solar Inc.
 - The Leopold Companies
 - Solar Millennium, LLC

Options for Palo Verde Mesa Land

- Issue RFP for development of solar generation facilities under long-term ground lease(s)
- Surplus and sale

Solar Revenue Projections

- Solar energy development generally produces 1 MW per 5 acres
- Revenue derives from two sources
 - a low base rent plus
 - a percentage/royalty fee from gross revenue produced.
- A 20 MW facility could produce a revenue in the approximate range of \$130,000 - \$150,000 annually
- A 100 MW facility could produce revenue in the approximate range of \$675,000 - \$785,000 annually
- Range depends on variables such as availability of alternative sites, nearby transmissions capacity, etc

Bureau of Land Management (BLM)

- Established an Instruction Memorandum (IM)
 - Outlines rental provisions, policy, and action
 - Establishes rental schedules for solar right-of-way
 - Base rent plus MW capacity fee
- “As the cost of producing solar energy declines and as additional transmission capacity is developed, there will be an even greater interest in locating utility-scale solar energy projects on the public lands.”

Estimated Sale Price

- Current land value in the area
 - \$1,000 - \$3,000 per acre
- Estimated sales price range
 - \$6,640,000 - \$19,920,000
- Potential water use on the property would be easier to control if it were leased rather than sold

Board Options

- Option 1
 - Adopt CEQA determination
 - Authorize staff to pursue renewable energy development for revenue generation on Metropolitan's Palo Verde mesa land through RFP process
- Option 2
 - Direct staff to surplus and sell the Palo Verde mesa land
- Option 3
 - Do nothing

Staff Recommendation

- Option 1