

Chapter 10.02 Utility Purchasing Authority

Section 10.02.010 Definitions

“Chief Operating Officer” means the Chief Operating Officer of the Port.

“Contracting Authority” means the authority to execute any purchase of, or contract for, Energy, Resource Adequacy Capacity, Renewable Energy Certificates, Greenhouse Gas Compliance Instruments, and/or Energy-related services and products pursuant to the Board’s delegation of authority set forth in this Chapter.

“Energy” means the generation or use of electric power over a period of time.

“Greenhouse Gas Compliance Instrument” means an instrument, including, but not limited to, an emissions allowance or a tradable compliance instrument, that can be used to fulfill a greenhouse gas emissions compliance obligation.

“Market Purchase Program Agreement” means the Amended and Restated Market Purchase Program Agreement by and among NCPA and its members who executed the agreement (“Participants”), which enables NCPA to purchase and sell Energy, Resource Adequacy Capacity, RECs, Greenhouse Gas Compliance Instruments and Physical Option Products for the benefit of Participants’ customers.

“Northern California Power Agency” or “NCPA” means a joint powers agency of the State of California that was established in 1968 to make joint investments in Energy resources, and its successors.

“Physical Options Products” means: (1) a contract that offers a buyer, the right, but not the obligation, to buy a quantity of Energy to be delivered at a predetermined price or a transaction; or (2) a physical collar transaction used to mitigate the risk of market price volatility by purchase and sales that effectuate a ceiling and floor price for Energy transactions, that is entered into to stabilize the costs of Energy.

“Purchase” means purchase of supplies or services relating to the Port’s provision of electricity and other related services (e.g., maintaining the system).

“Renewable Energy Certificate” or “REC” mean a certificate of renewable energy generation from units that register in a commonly accepted renewable energy generation tracking system or program, which can be used to verify compliance with state regulatory requirements, such as the California Renewable Energy Resources Act, as they may be amended from time to time.

“Resource Adequacy Capacity” means the capacity to ensure that adequate resources are available to meet peak demand and planning reserves for the purposes of local area and system reliability, as approved by the Port.

“Short Term Market Energy Purchases” means purchases of Energy to serve the Port Energy load in accordance with Port’s policy relating to Energy risk management and procurement, as it may be amended from time to time, for a term not to exceed five (5) years.

“Support Services Agreement” means the Port’s Support Services Agreement with NCPA for electric utility support services.

“Utility Manager” means the Manager of Utility Administration of the Port or another Person designated by the Executive Director to perform duties relating to the administration of the Port’s electric utility.

Section 10.02.020 Contracting Authority for Energy-Related Purchases

A. The Chief Operating Officer and Executive Director shall have the authority to execute any agreements for Short Term Market Energy, Resource Adequacy Capacity, RECs, and Greenhouse Gas Compliance Instrument Purchases of up to Three Million Dollars (\$3,000,000) on a per transaction basis (per request for proposal to purchase energy), including, but not limited to, contract transactions authorized by the Market Purchase Program Agreement up to Three Million Dollars (\$3,000,000) on a per transaction basis. This authority is limited to agreements of a period of five (5) years or less. Any other agreements shall require approval by the Board or be otherwise permitted by this Code.

B. The Utility Manager shall have the authority to execute any agreements for Short Term Market Energy, Resource Adequacy Capacity, RECs, and Greenhouse Gas Compliance Instrument Purchases of up to Two Million Dollars (\$2,000,000) on a per transaction basis (per request for proposal to purchase Energy), including but not limited to contract transactions authorized by the Market Purchase Program Agreement up to Two Million Dollars (\$2,000,000) on a per transaction basis. This authority is limited to agreements of a period of five (5) years or less. Any other agreements shall require approval by the Board or be otherwise permitted by this Code.

Section 10.02.030 Contracting Authority for Support Services from NCPA

The Executive Director, in addition to any power and authority granted under this Code, is authorized to execute confirmations with NCPA for support services under the Support Services Agreement, subject to a per project limit of One Hundred and Fifty Thousand Dollars (\$150,000), subject to Chapter 5.12 and subject to the terms of the Support Services Agreement.

Section 10.02.040 Requirements for Short Term Market Energy Purchases and Purchases of Resource Adequacy Capacity, RECs, and Greenhouse Gas Compliance Instruments

A. The Board will address the cumulative transaction maximum total for Short Term Market Energy Purchases and Purchases of Resource Adequacy Capacity, RECs, and Greenhouse Gas Compliance Instruments through its adoption of the annual one-year operating and capital budget. The Board must approve any agreements for any such purchases with a term of five (5) years or longer.

B. All Short-Term Market Energy Purchases will be in accordance with terms and conditions of Western System Power Pool or Edison Electric Institute standard of contracts and agreements, as they may be amended or superseded.

Section 10.02.050 Executive Director Authority. Any Contracting Authority granted in this Chapter to the Chief Operating Officer or Utility Manager may be superseded by contrary directive from the Executive Director.

Section 10.02.060 Administrative Procedures

The Executive Director or designee may promulgate and adopt administrative procedures and policies, and implement controls, for Energy procurement and to implement a risk management

program intended to minimize risks associated with the Port's Energy procurement practices and reflect industry best practices.