

**San Diego Unified Port District
AGENDA SHEET**

DATE: December 3, 1998

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SUBJECT: AUTHORIZATION TO EXECUTE: (1) THE ASSET SALE AGREEMENT, REAL PROPERTY CONTRIBUTION AGREEMENT, OPERATION AND MAINTENANCE AGREEMENT, FACILITY SERVICES AGREEMENT, AND QUITCLAIM DEED, EASEMENT RESERVATION AND COVENANT AGREEMENT WITH SAN DIEGO GAS & ELECTRIC FOR THE ACQUISITION OF THE SOUTH BAY POWER PLANT; (2) THE LEASE, COOPERATIVE AGREEMENT AND ENVIRONMENTAL REMEDIATION AGREEMENT WITH DUKE ENERGY SOUTH BAY, LLC; (3) THE THREE PARTY AGREEMENT WITH SDG&E AND DUKE; AND DIRECT FILING OF THE NOTICE OF DETERMINATION

EXECUTIVE SUMMARY:

On September 14, 1998, the Port entered into a Memorandum of Understanding with San Diego Gas and Electric (SDG&E) for the purchase of the approximate 116 acre South Bay Power Plant (SBPP). The MOU also calls for the transfer of two additional parcels of land known as the 33 acre Liquid Natural Gas Site (LNG) and the 13 acre Transmission Corridor. The Port is interested in purchasing the property with the intent of decommissioning and demolishing the plant for the betterment of the baywide region.

The SBPP is currently classified by the California Public Utilities Commission (CPUC) as a "Must-Run" plant, meaning that the plant must remain in operation until a replacement plant is constructed. Accordingly, the Port has been in negotiations to select an electric generation company to lease the plant and maintain operations. Under the Port's proposed operative terms, the electric generation company must agree to use commercially reasonable efforts to develop a replacement plant and must decommission and remediate the existing facility. After extensive negotiations with SDG&E and Duke Energy Power Services (Duke), Staff recommends that the Board approve and authorize the execution of agreements with SDG&E and Duke to achieve the goals described above.

**DOCKET
06-AFC-3**

DATE JUL 31 2006

RECDAUG 1 2006

ACTION TAKEN: 12/04/98 - Res. 98-372; Ord. 2026; Res. 98-373; 98-374

Oversize Document(s)

1. MAP(S) # _____

Document too large to scan.

2. PICTURE(S) # _____

For more information contact:

California Energy Commission
Docket Unit
1516 9th Street, MS-4
Sacramento, CA 965814-5512

Telephone (916) 654-5076
docket@energy.state.ca.us