



County of. Santa Cruz

DEPARTMENT OF PUBLIC WORKS

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JOHN A. FANTHAM
 DIRECTOR OF PUBLIC WORKS

AGENDA: APRIL 11, 2000

April 5, 2000

SANTA CRUZ COUNTY BOARD OF SUPERVISORS

701 Ocean Street
 Santa Cruz, California 95060

SUBJECT: BUENA VISTA LANDFILL GAS POWER PROJECT

Members of the Board:

On February 15, 2000, your Board directed Public Works to return with a status report on the development of the Buena Vista Landfill Gas Power Project. We previously informed your Board that the County's development consultant, Brown, Vence and Associates (BVA) had submitted an alternate proposal to operate the Buena Vista Landfill Gas Power Project as a joint venture with the County. The Department of Public Works and the County Administrative Office have completed review of the initial proposal and provided BVA with our feedback and suggested revisions to its proposed project structure. In addition, Public Works has contacted several other private landfill gas power project operators in California to see if there is renewed interest in the market for privately developed projects. We have received a positive response from NEO Corporation, a company that is actively developing eight other landfill gas-to-electricity projects throughout northern and central California.

NEO Corporation is currently conducting technical due diligence on both the project and the landfill's gas generation potential. They have been provided with much of the existing technical data developed over the course of this project. We are also preparing a contract for Advanced Energy Strategies, an economic consultant specializing in energy projects, to assist us in reviewing the feasibility of any proposals we receive.

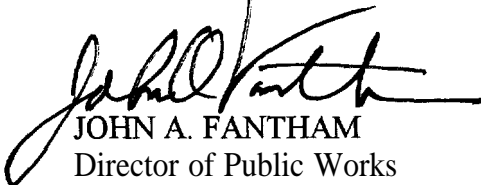
Public Works is continuing to pursue private development of this project as the preferred structure. We anticipate receiving a revised proposal from BVA as well as an alternative proposal from NEO Corporation in the near future, though no formal deadline has been set due to the continuing negotiations and data development by both parties.

We have been following other developments that may have a positive effect on this project. We previously informed your Board that new legislation was being developed to expand the available tax credits for use of landfill gas to produce electricity. H.R. 3466, with bipartisan sponsorship, was introduced into the House of Representatives late last year and is currently in the House Ways and Means Committee. This bill would provide tax credits valued at up to 1.5 cents per kilowatt hour for electricity produced by landfill gas. This credit is available for the first ten years of project operation. We have recently learned that funding for this program is included in the President's proposed 2000/2001 federal budget, A copy of the bill is included for reference.

It is therefore recommended that the Board of Supervisors take the following action:

1. Accept and file this report on the Buena Vista Landfill Gas Power Project.
2. Direct Public Works to return on or before June 13, 2000, with a status report on the Buena Vista Landfill Gas Power Project.

Yours truly,

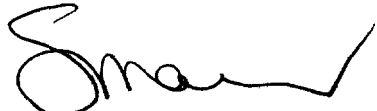


JOHN A. FANTHAM
Director of Public Works

RPM:mg

Attachments

RECOMMENDED FOR APPROVAL:



County Administrative Officer

copy to: Public Works
 Auditor-Controller
 General Services

GPM

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106TH CONGRESS
1ST SESSION

H. R. 3466

To amend the Internal Revenue Code of 1986 to expand the credit for electricity produced from certain renewable resources to energy produced from landfill gas.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 18, 1999

Mr. CAMP (for himself, Mrs. JOHNSON of Connecticut, and Mrs. THURMAN) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to expand the credit for electricity produced from certain renewable resources to energy produced from landfill gas.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 **SECTION 1. CREDIT FOR ELECTRICITY PRODUCED FROM**
4 **CERTAIN RENEWABLE RESOURCES EX-**
5 **PANDED TO INCLUDE ENERGY PRODUCED**
6 **FROM LANDFILL GAS.**

7 (a) LANDFILL GAS TREATED AS RENEWABLE
8 SOURCE.—Paragraph (1) of section 45(e) of the Internal
9 Revenue Code of 1986 (relating to definitions) is amended

1 by striking “and” at the end of subparagraph (A), by
 2 striking the period at the end of subparagraph (B) and
 3 inserting “, and”, and by adding at the end the following
 4 new subparagraph:

5 “(C) landfill gas.”

6 (b) LANDFILL GAS DEFINED.—Subsection (c) of sec-
 7 tion 45 of such Code is amended by redesignating para-
 8 graph (3) as paragraph (4) and by inserting after para-
 9 graph (2) the following new paragraph:

10 “(3) LANDFILL GAS.—The term ‘landfill gas’
 11 means gas generated from the decomposition of mu-
 12 nicipal solid waste.”

13 (c) CREDIT ALSO ALLOWABLE FOR SALE OF LAND-
 14 FILL GAS.—Section 45 of such Code is amended by add-
 15 ing at the end the following new subsection:

16 “(e) CREDIT ALLOWABLE FOR SALE OF LANDFILL
 17 GAS.—

18 “(1) IN GENERAL.—In the case of landfill gas
 19 which is produced by the taxpayer but not used by
 20 the taxpayer to produce electricity, paragraph (2) of
 21 subsection (a) shall be applied as if it read as fol-
 22 lows:

23 “(2) the kilowatt-hour equivalent of the landfill
 24 gas—

1 “ (A) produced by the taxpayer at a quali-
 2 fied facility during the 10-year period beginning
 3 on the date the facility was originally placed in
 4 service, and

5 “ (B) sold by the taxpayer to an unrelated
 6 person during the taxable year.’

7 “(2) **KILOWATT HOUR EQUIVALENT.**-For pur-
 8 poses of applying this subsection, the kilowatt hour
 9 equivalent for landfill gas is the amount of such gas
 10 which has a Btu content of 10,000.

11 “(3) **SPECIAL RULES.**-In the case of landfill
 12 gas to which this subsection applies-

13 “(A) the reference to electricity in para-
 14 graphs (1) and (4) of subsection (d) shall be
 15 treated as including a reference to such gas,

16 “(B) the reference price for such gas shall
 17 be determined under subsection (d) (2) (C) on
 18 the basis of kilowatt hour equivalents, and

19 “(C) the reference to ownership interests
 20 in subsection (d)(3) shall be treated as includ-
 21 ing a reference to any economic interest.”

22 (d) **QUALIFIED FACILITY.**-Paragraph (4) of section
 23 45(e) of such Code, as redesignated by subsection (b), is
 24 amended to read as follows:

25 “(4) **QUALIFIED FACILITY.**-

1 “(A) WIND FACILITY.—In the case of a fa-
2 cility using wind to produce electricity, the term
-3 ‘qualified facility’ means any facility owned by
4 the taxpayer which is originally placed in serv-
5 ice after December 31, 1993, and before Janu-
6 ary 1, 2004.

7 “(B) CLOSED-LOOP BIOMASS FACILITY.—
8 In the case of a facility using closed-loop bio-
9 mass to produce electricity, the term ‘qualified
10 facility’ means any facility owned by the tax-
11 payer which is originally placed in service after
12 December 31, 1992, and before January 1,
13 2004.

14 “(C) LANDFILL GAS FACILITY.—

15 “(i) IN GENERAL.—In the case of a
16 landfill gas facility, the term ‘qualified fa-
17 cility’ means any facility of the taxpayer
18 which is originally placed in service after
19 June 30, 1998, and before January 1,
20 2004.

21 “(ii) LANDFILL GAS FACILITY.—For
22 purposes of clause (i), the term ‘landfill
23 gas facility’ means equipment and housing
24 required to produce electricity from landfill
25 gas or to produce landfill gas for sale (not

5

1 including wells and related systems re-
2 quired to collect and transmit gas to such
3 equipment and housing).”

4 (e) EFFECTIVE DATE.—The amendments made by
5 this section shall take effect on the date of the enactment
6 of this Act.

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