


POWER SYSTEM
NOV 19 2015
EXECUTIVE OFFICE

TRANSMITTAL			0150-08065-0004
TO Marcie L. Edwards, General Manager Department of Water and Power <i>(PSOD)</i>	DATE NOV 18 2015	COUNCIL FILE NO	
FROM The Mayor	COUNCIL DISTRICT		

AMENDMENT 5 TO AGREEMENT 47443 BETWEEN THE DEPARTMENT OF WATER AND POWER AND OPEN ACCESS TECHNOLOGY INTERNATIONAL

Approved and transmitted for further processing including Council consideration.
See the City Administrative Officer report attached.


MAYOR Ana Guerrero

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

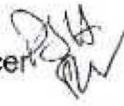
Date: November 13, 2015

CAO File No. 0150-08065-0004

Council File No.

Council District: Citywide

To: The Mayor

From: Miguel A. Santana, City Administrative Officer 

Reference: Communication from the Department of Water and Power dated September 9, 2015; referred by the Mayor for report on September 21, 2015

Subject: **AMENDMENT 5 TO AGREEMENT 47443 BETWEEN THE DEPARTMENT OF WATER AND POWER AND OPEN ACCESS TECHNOLOGY INTERNATIONAL**

SUMMARY

The Department of Water and Power (DWP; Department) requests approval of a proposed resolution authorizing Amendment 5 to Agreement 47443 (Agreement) with Open Access Technology International (OATI). Approval will allow DWP to continue to access OATI service subscriptions including energy scheduling, energy trading, and transmission management tools. The services provided, except for energy trading, are necessary to comply with regulatory mandates by the North American Electric Reliability Corporation (NERC), Federal Energy Regulatory Commission (FERC), and Western Electricity Coordinating Council (WECC). DWP states that no alternative is available and that OATI is the sole provider for these service subscriptions.

The existing Agreement began in January 2006 with a five year term, expiring in December 2010, and an initial expenditure authority not to exceed \$700,000. The initial Agreement was amended four times in order to expand the scope of service, extend the term, and to increase the expenditure authority. As a result of these amendments, the current Agreement duration is 10 years, expiring in December 2015, and includes an expenditure authority not to exceed \$8.1 million. DWP states that \$1.5 million in expenditure authority remains available. Approval of the proposed Amendment will:

- Extend the current 10 year term by seven years, expiring December 31, 2022, resulting in a total duration of 17 years; and,
- Increase the current \$8.1 million expenditure authority by \$8.3 million for a total authority not to exceed \$16.4 million.

The proposed Agreement provides a contingency of \$0.9 million (10 percent) for unanticipated support or services. Funding of \$1.7 million is also provided to fund additional services supporting the Outage Management System, Quality Assurance System, Energy Trading Service Modules, and additional user subscriptions. The following table provides a summary of the costs associated with this Agreement.

Summary of Costs for DWP Agreement 47443 with OATI

ITEM	Expenditure Authority (\$M)	
	Current	Proposed
Current Agreement with Amendments 1 – 4 (2006 – 2015)	\$8.1	
<i>Proposed Agreement (2016 – 2022):</i>		
OATI Service Subscription		\$7.2
Additional Services		\$1.7
o Outage Management System		
o Quality Assurance System		
o Energy Trading Service Modules		
o Additional User Subscriptions		
Subtotal	\$8.1	\$8.9
Contingency (10 percent)		\$0.9
Remaining Funds from Current Agreement		(\$1.5)
Total Proposed Agreement (2016 – 2022)		\$8.3
TOTAL PROPOSED EXPENDITURE AUTHORITY		\$16.4

Continued utilization of the OATI will allow DWP to comply with the following mandates.

- o NERC requires utilities to exchange electronic tags (e-tags) that describe energy purchases and sales between utilities.
- o WECC requires utilities in its service area to utilize a Security Analysis System (webSAS) to mitigate problems with unscheduled energy flows in the Western Interconnection.
- o FERC requires adherence to its policies on the use of the Open Access Same-time Information System (OASIS) which identifies regional availability of transmission capacity for sale.

The proposed Agreement permits OATI to adjust its pricing with 60-day advance written notice. The DWP Board of Commissioners has previously authorized the General Manager (GM), or a designee, to accept and implement these pricing changes. Due to the increase in the total contract cost, the proposed resolution re-authorizes the GM, or a designee, to accept and implement the changes, which may not exceed the total contract expenditure limit. OATI has adjusted its pricing on a total of five occasions during the Agreement. Four adjustments were to comply with new regulatory mandates and one adjustment was to implement a technical change requested by DWP.

The Agreement can be terminated by either party with at least 30 days written notice.

Funding for this proposal is budgeted in the Power Revenue Fund. City Council approval is required for contracts that exceed three years, pursuant to Charter Section 373. The City Attorney has approved the resolution and Agreement as to form and legality.

RECOMMENDATIONS

That the Mayor:

1. Approve the proposed resolution authorizing Amendment 5 to Agreement 47443 with Open Access Technology International to (i) extend the contract term by seven years, from a term of ten years to a term of 17 years, and (ii) to increase the expenditure authority by \$8.3 million, from an expenditure authority of \$8.1 million to an expenditure authority of \$16.4 million, for DWP to continue service subscriptions in support of energy scheduling, energy trading, and transmission management tools; and,
2. Return the proposed Agreement to the Department for further processing, including Council consideration.

FISCAL IMPACT STATEMENT

Approval of the proposed Agreement will increase the expenditure authority by \$8.3 million, from an expenditure authority of \$8.1 million to an expenditure authority of \$16.4 million from the Power Revenue Fund. There is no impact to the City General Fund. The proposed Agreement complies with the Department's adopted Financial Policies.

TIME LIMIT FOR COUNCIL ACTION

Pursuant to Charter Section 373, "Long Term Contracts Approved by Council," and the Los Angeles Administrative Code Section 10.5, "Limitation and Power to Make Contracts," unless the Council takes action disapproving a contract that is longer than three years within 60 days after submission to Council, the contract shall be deemed approved.