

COMMUNICATION

TO: LOS ANGELES CITY COUNCIL

FILE NO. 12-1614

**FROM: COUNCILMEMBER JOSE HUIZAR, CHAIR
COUNCILMEMBER DENNIS ZINE, VICE CHAIR
ENERGY AND ENVIRONMENT COMMITTEE**

COMMUNICATION FROM CHAIR and VICE CHAIR, ENERGY AND ENVIRONMENT COMMITTEE relative to the approval of the K Road Moapa Solar Project Power Purchase Agreement BP 12-017 and purchase of the project from K Road Moapa Solar, LLC.

Recommendations for Council action:

1. APPROVE the Purchase Power Agreement (PPA) No. BP 12-017 between Los Angeles Department of Water and Power (LADWP) and the K Road Moapa Solar, LLC, to purchase up to 250 MW of renewable solar energy.
2. APPROVE the LADWP's purchase of a five and one-half mile 500 kilovolt (kV) transmission line on the Federal Bureau of Land Management (BLM) utility corridor on Moapa Indian Tribal land prior to the Commercial Operation Date to connect to the LADWP-owned Crystal substation at a cost not to exceed \$18 million.
3. REQUEST that LADWP return to the Mayor and Council for the consideration and possible action to exercise an ownership option to purchase the Solar Facility within six months of the 10th, 15th, 20th, or 24th year anniversary of the Commercial Operation Date at which time LADWP will pay Fair Market Value as provided for in the Power Purchase Agreement.
4. REQUEST the City Attorney to prepare and present an ordinance to facilitate the approval of the agreement by and between the City of Los Angeles, acting by and through the LADWP, and K Road Moapa Solar LLC for the Moapa Solar Power Purchase Agreement, No. BP 12-017, which includes the purchase of electric energy, a transmission line, and a purchase option for a solar powered generation facility.
5. CONCUR with the Board of Water and Power Commissioners' action of October 4, 2012, Resolution No. 013-073, authorizing the execution of Power Purchase Agreement No. BP 12-017 with K Road Moapa Solar, LLC for Solar Capacity and the purchase of the Moapa Solar Project.

Fiscal Impact Statement: The City Administrative Officer reports that approval of the proposed Power Purchase Agreement will have no direct impact on the City General Fund. K Road Moapa Solar, LLC has provided LADWP with a Performance Bond with a cap of \$5 Million to cover any payments that K Road Moapa Solar, LLC will be expected to pay LADWP. The Power Revenue Fund will provide up to \$64.8 million annually or \$1.6 billion over the 25-year term of the Power Purchase Agreement. In addition, in early 2015 there will be an expenditure of not more than \$18 million for the 500 kV transmission line to the Crystal Station. Funds have been provided in the FY 2013-2014 and FY 2014-2015 Budget and the Power Incremental Ordinance.

Community Impact Statement: None submitted.

Summary:

On November 7, 2012, the Energy and Environment Committee Chair and Vice Chair considered a Board of Water and Power Commissioners' and City Administrative Officer reports relative to the approval of the K Road Moapa Solar Project Power Purchase Agreement BP 12-017 and purchase of the project from K Road Moapa Solar, LLC.

After consideration and having provided an opportunity for public comment, the Committee Chair and Vice Chair recommended approval of the Board of Water and Power Commissioners' and City Administrative Officer reports. This matter is now submitted to Council for its consideration.

Respectfully submitted,

JOSE HUIZAR, CHAIR
ENERGY AND ENVIRONMENT
COMMITTEE

DENNIS ZINE, VICE CHAIR
ENERGY AND ENVIRONMENT
COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
HUIZAR:	YES
ZINE:	YES
CÁRDENAS:	ABSENT
ALARCÓN:	ABSENT
KORETZ:	ABSENT

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- Not Official Until Council Acts -