

CITY OF LOS ANGELES
DEPARTMENT OF WATER AND POWER
INTRADEPARTMENTAL CORRESPONDENCE

Date: May 28, 2015

To: Board of Water and Power Commissioners

From: Marcie L. Edwards, General Manager



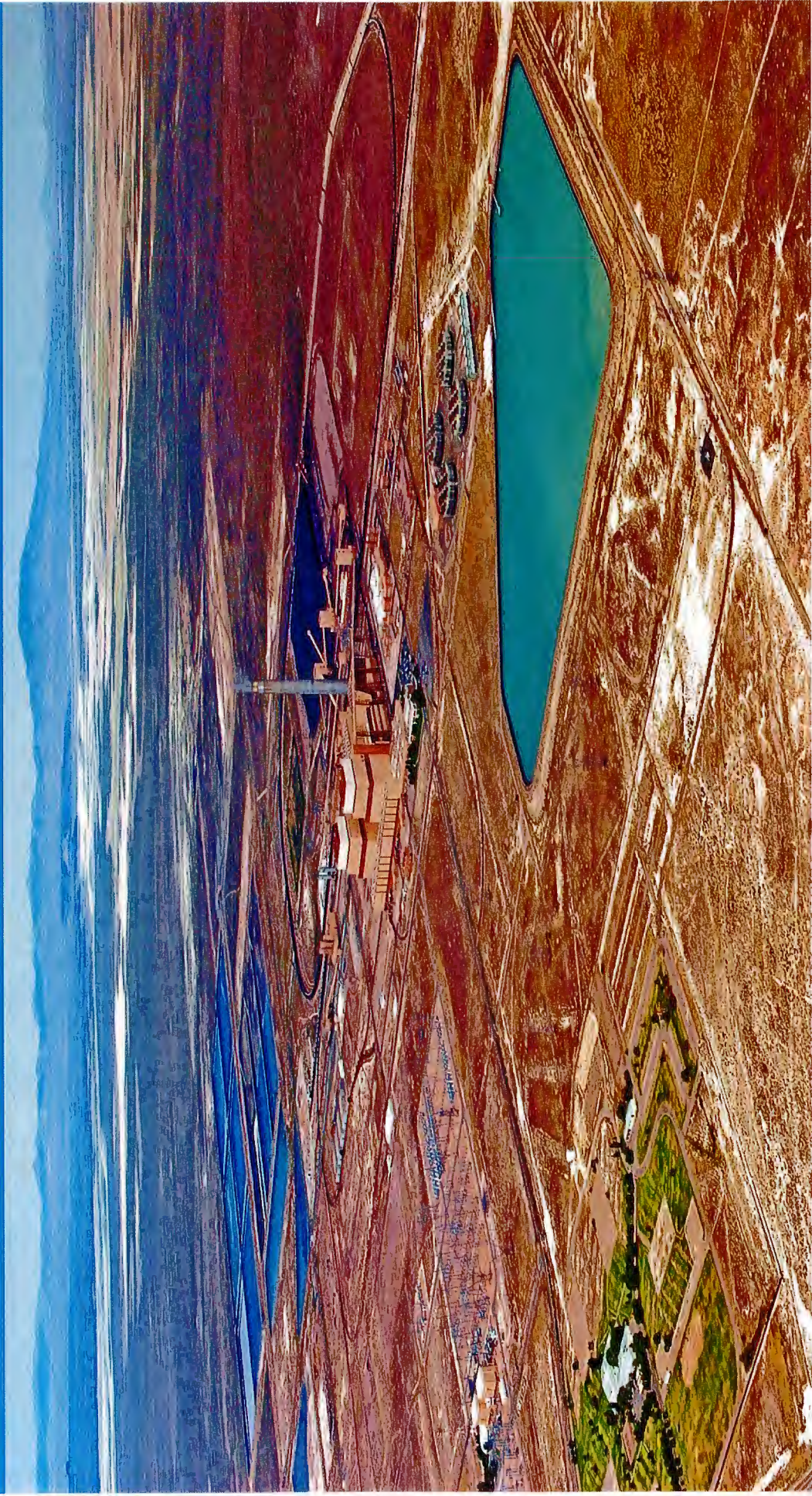
Subject: Board Presentation - Intermountain Power Project Repowering Plan and
Renewal Agreements

The subject presentation will be jointly discussed on June 2, 2015, with Board Approval Letter titled *Second Amendatory Power Sales Contract (LADWP No. 10437), Renewal Power Sales Contract, Agreement for Sale of Renewal Excess Power, and Power Purchase Termination Agreement*.

If you have any questions, please contact me at (213) 367-1338.

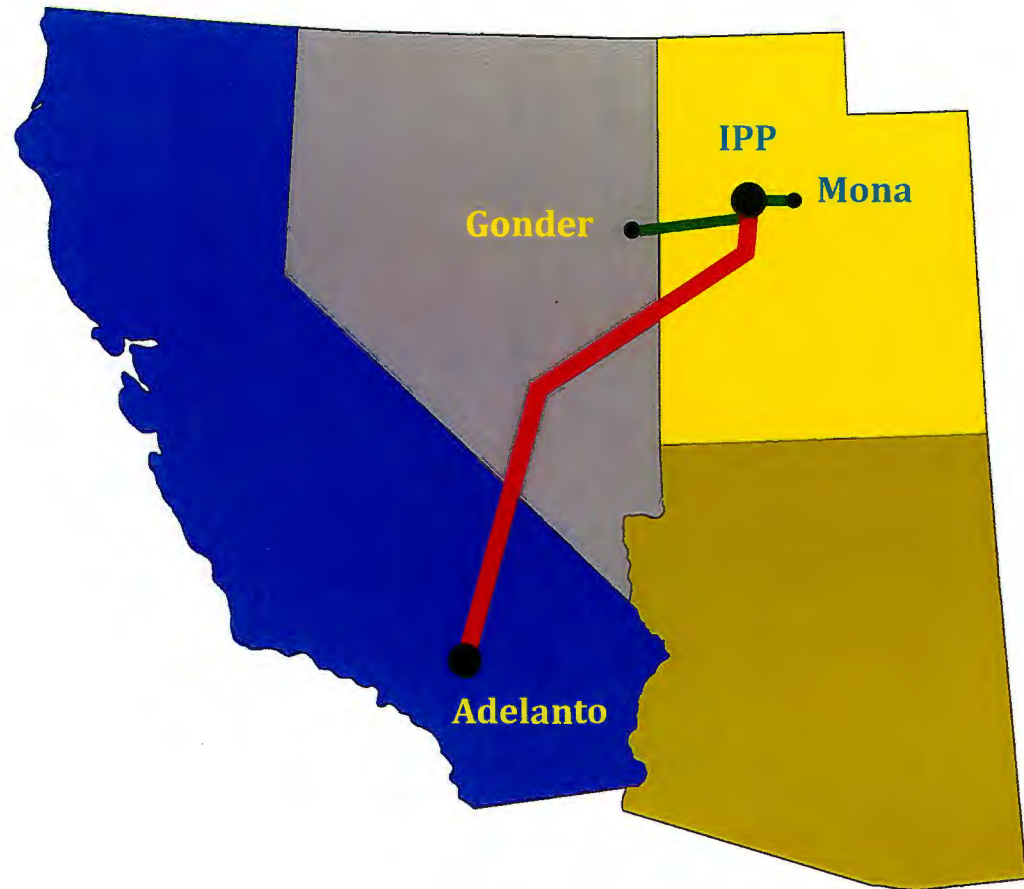
Attachment

Intermountain Power Project Repowering Plan and Renewal Agreements June 2, 2015

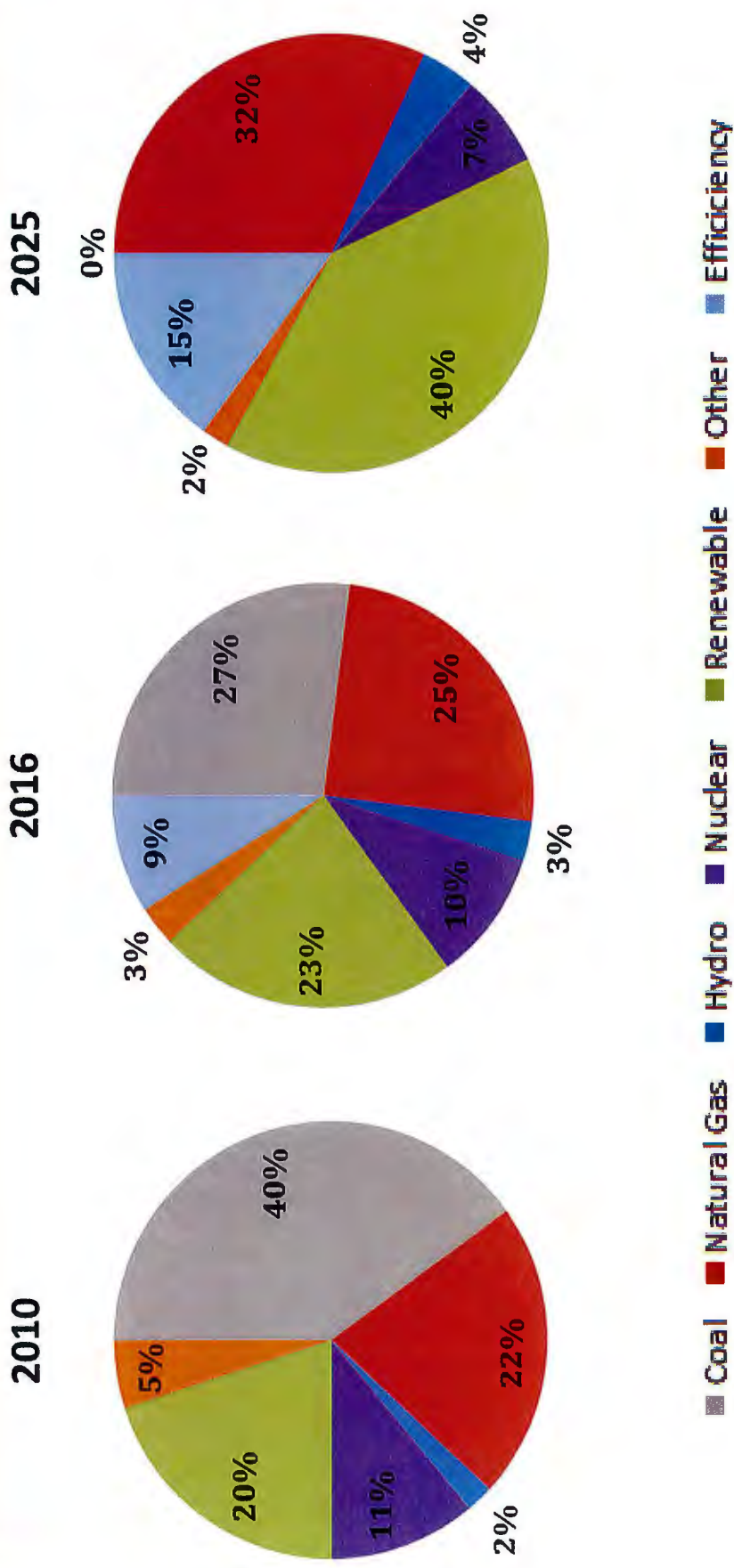


Existing IPP Assets

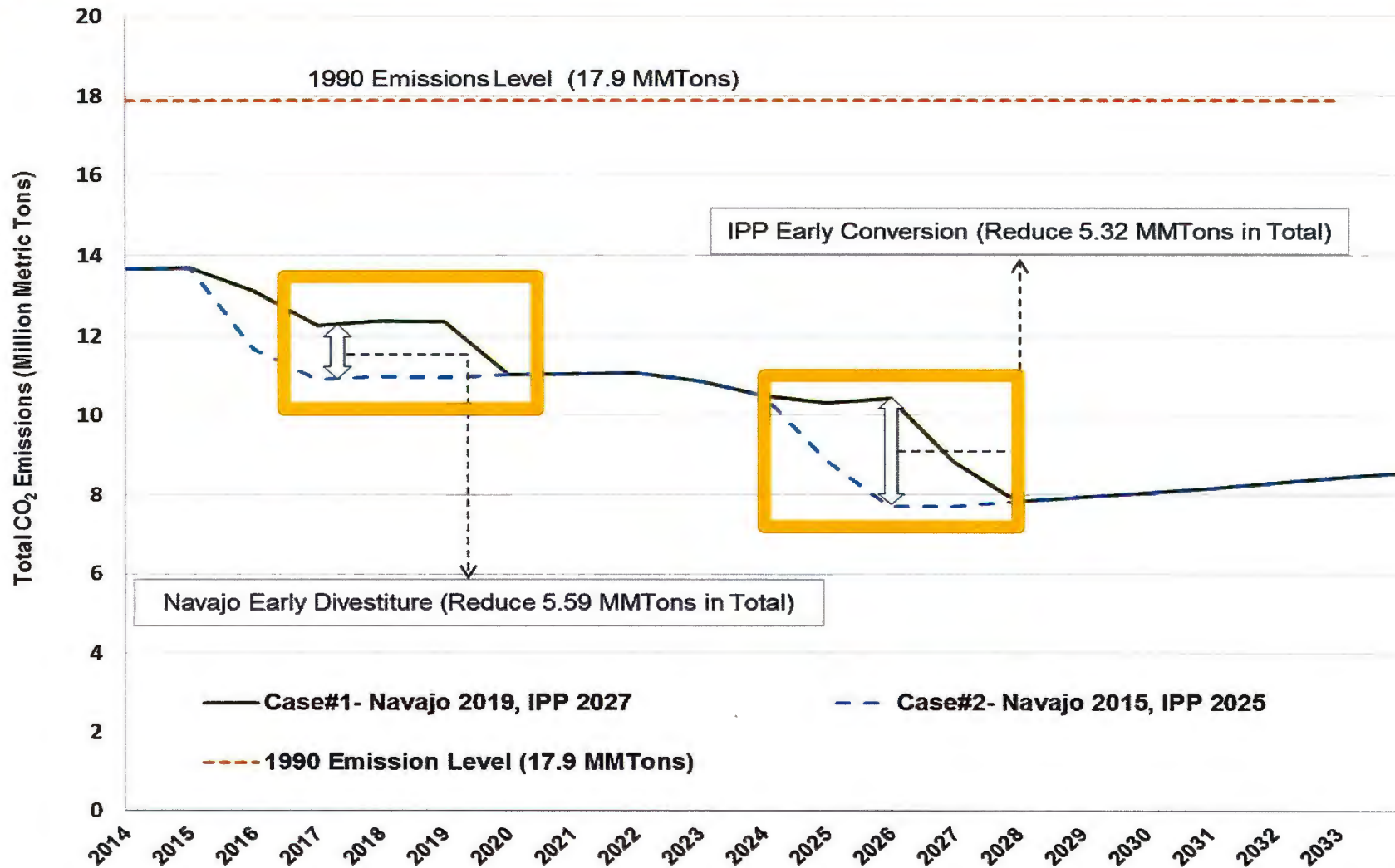
- Intermountain Generating Station (2 units) – 1800 MW
- LADWP's share: 875-1202 MW, 20-25% of energy
- Switchyard/Converter Station (ICS-ACS)
- Transmission Systems (AC & DC)
- Intermountain Railcar Service Center (own & maintain 4 unit trains)
- Microwave System
- Land and Water Rights



Coal Replacement Strategy



GHG Emissions Reduction



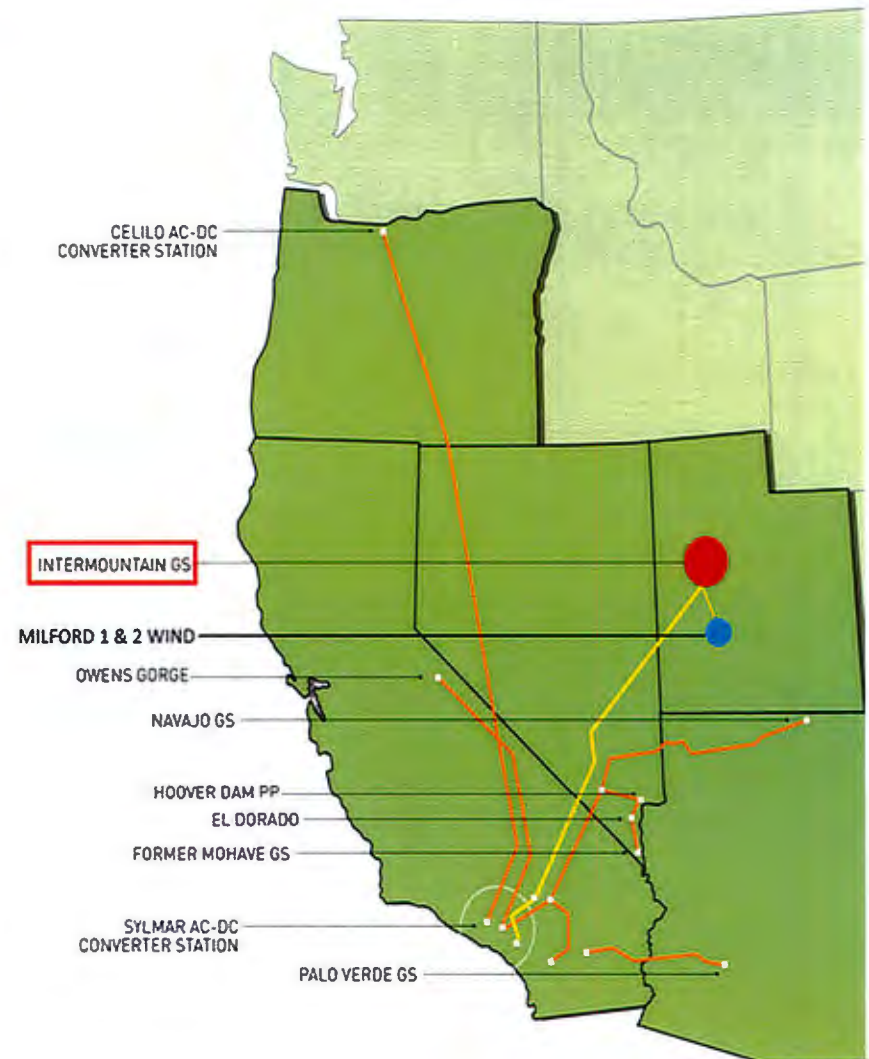
Collaborative Effort

- Repowering IPP requires a collaborative effort.
- LADWP does not own any part of the plant. We are customers along with 5 other So Cal municipal utilities and 30 Utah power purchasers.
- LADWP cannot act unilaterally – any change to the Power Sales Contract requires approval of all SoCal and Utah participants.
- All 6 SoCal cities depend on IPP for base load power and are contractually obligated to buy it through 2027.



Why build at IPP?

- Return on investment: LADWP customers invested billions in transmission and the plant itself.
 - 490 miles of transmission (ST)
 - Carries 400 MW in renewable energy from Utah to SoCal
 - 2,400 megawatt transmission capacity
 - \$11.5 billion in today's dollars
- Cost-effective resource sharing with local Utah utilities
- Uses existing transmission lines rather than building new and frees up room to develop and bring more renewables to SoCal.
- Reduces emissions by over 66%



IPP Renewal Contracts Provides

- Converts fuel from Coal to Natural Gas by July 1, 2025; timing for earlier conversion determined by participants
- Reduces plant capacity by at least 1/3; allowing room for new renewable sources to be delivered to California
- Allows size of replacement to be reduced further or altered as long as it complies with all regulations, including a combination of natural gas, storage, and renewables.
- Provides funds for decommissioning coal units
- Renewal contracts provides generation and transmission until 2077

Renewal Agreements

- **Second Amendatory Power Sales Contract**
 - Allows for a non-coal renewal option; while prior version approved by City Council in 2013 a few modifications were required to accommodate CA participants
- **Renewal Power Sales Agreement**
 - Establishes the subscription methodology and future participation agreement
- **Agreement for Sale of Renewal Excess Power**
 - Those participants that want to be a part of the project, but not ready to absorb the energy
- **PacifiCorp Power Purchase Termination Agreement**

Summary

- Satisfies SB 1368/AB32, cutting CO² by Two-Thirds
- Lower Operating Costs
- Reduced staffing requirements
- Excess capacity on STS allows for more renewables
- Modern CCGT plant enables renewables integration
- Will keep Board briefed on the progress of project plan development

