

8/18/15

File No. 13-0340

ENERGY AND ENVIRONMENT COMMITTEE REPORT and ORDINANCE FIRST CONSIDERATION relative to approval of the second amendatory Power Sales Agreement between the Los Angeles Department of Water and Power (LADWP) and the Intermountain Power Agency and related contracts allowing for continuing participation in the Intermountain Power Project.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. CONCUR with the Board of Water and Power Commissioners' action of June 2, 2015, Resolution No. 015-232, authorizing execution of the following agreements:
 - a. Second Amendatory Power Sales, Contract (LADWP No. 10437)
 - b. Renewal Power Sales Contract
 - c. Agreement for Sale of Renewal Excess Power
 - d. Power Purchase Termination Agreement.
2. PRESENT and ADOPT the accompanying ORDINANCE amending Ordinance No. 157464, approving the Second Amendatory Power Sales Contract, LADWP Agreement No. 10437, by and between the City of Los Angeles, acting by and through the LADWP, and the Intermountain Power Agency and related agreements allowing for LADWP's continuing participation in the Intermountain Power Project beyond its current participation termination date of June 15, 2027.

Fiscal Impact Statement: None submitted by the City Attorney. Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted.

Summary

At the public hearing held on August 5, 2015, the Energy and Environment Committee considered reports from the City Attorney and Board of Water and Power Commissioners (Board) reports and Resolution No. 015-232, and Ordinance relative to approval of : (1) Second Amendatory Power Sales Contract, LADWP Agreement No. 10437 (Amendatory Contract), by and between the City of Los Angeles, acting by and through the LADWP, and the Intermountain Power Agency (IPA) for participation in the Intermountain Power Project (IPP); (2) Power Purchase Termination Agreement, by and between LADWP and IPP participant PacifiCorp; (3) delegated authority to enter into Renewal Power Sales Contract, by and between LADWP and IPA; and (4) delegated authority to enter into Agreement for Sale of Renewal Excess Power, by and between LADWP, IPA and certain other IPP participants, and limited authority for, the Board to amend such agreements.

The City Attorney reports that in accordance with the California Environmental Quality Act (CEQA) it has been determined that approving the Amendatory Contract and Renewal Contracts is exempt from CEQA for the following reasons:

1. The approval of the Amendatory Contract and Renewal Contracts is categorically exempt pursuant to CEQA Guidelines Section 15301 as a minor alteration to an existing facility used to

provide electric power.

2. The approval of the Amendatory Contract and Renewal Contracts is categorically exempt pursuant to CEQA Guidelines Section 15301 as a replacement or reconstruction of existing utility systems and/or facilities involving negligible or no expansion of capacity. Repowering pursuant to the contracts would replace 1,800 MWs of coal-fired electric generation units with not more than 1,200 MWs of gas-fired electric generation units (Repowering).
3. The approval of the Amendatory Contract and Renewal Contracts would not have a significant effect on the environment and is therefore exempt from CEQA under the "common sense exemption" set forth in CEQA Guidelines Section 15061(b)(3).
4. No unusual circumstances exist, and thus the categorical exemptions are not subject to any applicable exception. IPA's existing facility IPP has been in operation since the 1980s, and Repowering pursuant to the Amendatory Contract would reduce air emissions compared to baseline conditions. There is nothing unusual about the Amendatory Contract, Renewal Contracts or the Repowering.

At the August 5, 2015 Energy and Environment Committee meeting, staff from LADWP gave a presentation on the matter and the members of the public also spoke. After an opportunity for public comment, the Committee recommended that Council approve the Resolution and associated Ordinance as detailed in the above recommendations. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,



ENERGY AND ENVIRONMENT COMMITTEE

| <u>MEMBER</u> | <u>VOTE</u> |
|---------------|-------------|
| FUENTES: | YES |
| BLUMENFIELD: | YES |
| CEDILLO: | ABSENT |
| KORETZ: | YES |
| O'FARRELL: | YES |

SG
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-NOT OFFICIAL UNTIL COUNCIL ACTS-