

DEPARTMENT OF PUBLIC WORKS

BUREAU OF SANITATION

REPORT NO. 2

March 7, 2016

CD: ALL

ADOPTED BY THE BOARD
PUBLIC WORKS OF THE CITY
of Los Angeles California
AND REFERRED TO THE MAYOR
MAR - 7 2016
AND REFERRED TO THE CITY COUNCIL


Executive Officer
Board of Public Works

AUTHORITY TO APPLY FOR, ACCEPT, NEGOTIATE AND EXECUTE AN AGREEMENT FOR A GRANT FROM THE SOUTHERN CALIFORNIA GAS COMPANY UNDER THE SELF GENERATION INCENTIVE PROGRAM FOR THE HYPERION DIGESTER GAS UTILIZATION PROJECT

RECOMMENDATIONS

Approve and forward this report, with its transmittal, to the Mayor and the City Council, with the recommendation that the City Council, subject to the concurrence of the Mayor, authorize the Director of the Bureau of Sanitation (LASAN) or designee to apply for, accept, negotiate, execute and submit all grant documents, including but not limited to, applications, agreements and amendments, subject to the approval of the City Attorney as to form, which may be necessary to receive funding from the Southern California Gas Company (SoCalGas) under the Self Generation Incentive Program (SGIP), in the amount of at least \$924,000, for the Hyperion Digester Gas Utilization Project (DGUP). The credit amount can increase in 2016 pending availability of state funding and qualification of the project for bio-gas technology.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. If the grant is awarded, the amount of \$924,000 will be deposited in the Sewer and Construction Maintenance Fund to offset the DGUP capital expenditures.

TRANSMITTAL

SoCalGas Company's SGIP Reservation Form.

DISCUSSION

LASAN is currently involved in the construction of a power generation facility at Hyperion Treatment Plant (HTP) to beneficially utilize HTP's renewable digester gas that would otherwise be flared on-site. The project consists of installing and operating a digester gas/natural gas-fueled combined cycle cogeneration system at HTP. The cogeneration system includes the combustion of digester gas (or digester gas/natural gas mixture) in two combustion turbine generators to generate electricity, the recovery of heat to generate steam in two Heat Recovery Steam generators, the generation of power from a steam turbine generator and the extraction of a portion of the steam to meet the steam demand of the digesters. The project offers efficient utilization of the digester gas and improves operations for LASAN.

The SGIP initiated by the California Public Utilities Commission (CPUC) provides financial incentives for the installation of new qualifying technologies installed to meet all or a portion of the electric energy needs of a facility such as DGUP. The purpose of SGIP is to contribute to Greenhouse Gas (GHG) emission reductions, demand reductions and reduced customer electricity purchases, resulting in electric system reliability through improved transmission and distribution system utilization as well as market transformation for distributed energy resource technologies. The CPUC handbook establishes the policies and procedures for potential program participants and other interested parties. The Program Administrator for Los Angeles is SoCalGas. According to the CPUC handbook, there is no match requirement. If awarded the grant, the 1% application fee will be refunded upon completion of the project.

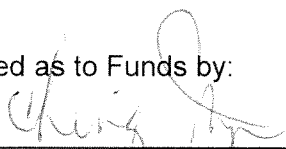
STATUS OF FINANCING

There is no impact to the General Fund. If the grant is awarded, the Office of Accounting is instructed to deposit the total proceeds, of at least \$924,000 in the Sewer Construction and Maintenance, Fund No. 208, Dept. 50, Departmental Revenue Source Code 381100 (Reimbursement from Other Agencies General).

Respectfully submitted,


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Approved as to Funds by:


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