

GENERAL EXEMPTION and ENERGY AND ENVIRONMENT COMMITTEE REPORT relative to proposed Los Angeles Department of Water and Power (LADWP) Springbok 2 Solar Farm Power Sales Agreement (PSA) No. BP 15-003, Springbok 2 Solar Farm Agency Agreement No. BP 15-004 with Southern California Public Power Authority (SCPPA), Real Estate License Agreement No. BP 15-010, and amended and restated Real Estate License Agreement No. BP 14-016 (Springbok 1) in connection with the purchase of solar energy.

Recommendations for Council action:

1. CONCUR with the Board of Water and Power Commissioners' (Board) action of May 19, 2015, Resolution No. 015-213, authorizing execution of the following agreements:
  - a. PSA No. BP 15-003 for the purchase of 150 megawatts of solar electric generating capacity with an average of 397,026 megawatt hours (MWh) annually from the Springbok 2 Project, including the associated environmental attributes, with the cost of energy, including environmental credits, of \$58.65 per MWh during a 27-year term to include an option to extend for three additional years, resulting in a total duration of up to 30 years.
  - b. Agency Agreement (AA) No. BP 15-004 with the SCPPA which designates the LADWP as the project manager in the event that the LADWP exercises a purchase option for the Springbok 2 Project.
  - c. Real Estate License Agreement No. BP 15-010 allowing 8Minute Energy (8ME) to construct, own, operate, and maintain certain transmission facilities on LADWP-owned land facilitating the connection of the Springbok 2 Project to the LADWP-owned Beacon Substation for a term of 30 years with an option to extend up to a maximum duration not to exceed 35 years.
  - d. Amended and restated Real Estate License Agreement No. BP 14-016 (Springbok 1) relating to the Springbok 1 Solar Farm allowing for technical changes to account for the shared use by Springbok 1 and Springbok 2 of transmission lines that connect both facilities to the Beacon Substation for a term of 30 years with an option to extend up to a maximum duration not to exceed 35 years.
2. REQUEST the City Attorney to prepare and present an Ordinance approving:
  - a. PSA No. BP 15-003
  - b. AA No. BP 15-004
  - c. Real Estate License Agreement No. BP 15-010
  - d. Amended and restated Real Estate License Agreement No. BP 14-016
3. FIND that in accordance with the California Environmental Quality Act (CEQA), it has been determined that the entering into agreements with the SCPPA to purchase power and provide project management services is exempt pursuant to the General Exemption described in CEQA Guidelines Section 15061(b)(3) inasmuch as General Exemptions apply in situations where it

can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that approval of Resolution No. 015-213 authorizes expenditures of approximately \$23.3 million per year and \$699 million over a 30-year term from the Power Revenue Fund. There is no impact to the City's General Fund. The proposed Agreement complies with the LADWP's adopted Financial Policies.

Community Impact Statement: None submitted.

**TIME LIMIT FILE - JULY 19, 2015**

**(LAST DAY FOR COUNCIL ACTION - JULY 1, 2015)**

**TEN VOTES REQUIRED**

Summary:

On June 3, 2015, your Committee considered May 20, 2015 Board of Water and Power Commissioners, May 12, 2015 CAO and May 14, 2015 Office of Public Accountability, reports, and Resolution No. 015-213 relative to proposed LADWP Springbok 2 Solar Farm PSA No. BP 15-003, Springbok 2 Solar Farm AA No. BP 15-004 with the SCPPA, Real Estate License Agreement No. BP 15-010, and Amended and Restated Real Estate License Agreement No. BP 14-016 (Springbok 1) in connection with the purchase of solar energy. According to the CAO, the LADWP is requesting approval of Resolution No. 015-0213 authorizing the Board to execute several agreements with the SCPPA, a non-profit joint power agency, relating to the Springbok 2 Solar Farm Project, which is owned and developed by 8ME. If approved, the proposed Project will consist of a 150 megawatt fixed tilt photovoltaic solar facility located in Kern County, California with a commercial operation date of June 2016.

Additionally, the LADWP participated with SCPPA to issue an annual Request for Proposal (RFP) in 2013 for the purchase and/or acquisition of renewable energy sources. The LADWP states that this was an open RFP, which allowed new proposals to be submitted on a continuous basis and existing proposals to be refreshed with current prices and terms. A total of 340 proposals were received.

It is the intent of the LADWP to evaluate and implement projects that satisfy the LADWP Integrated Resource Plan (IRP) and the Renewal Portfolio Standards (RPS) requirements. It is expected that the LADWP will consider a combination of existing projects, LADWP RFPs for renewable energy projects, and SCPPA-sponsored projects.

One of the 340 proposals received during the SCPPA RFP process was from 8ME, who proposed a power purchase agreement for the purchase of 150 MW of solar energy generating capacity and the associated environmental credits from the Springbok 2 Project. Although the SCPPA team used criteria identified by several SCPPA members, the location and limited transmission availability would increase costs to other SCPPA participants. Consequently, all other SCPPA members declined, allowing the LADWP to be the sole participant.

Finally, the CAO noted that pursuant to Charter Section 607, approval requires City Council to make a finding by a two-thirds vote that the long-term nature of the License Agreement and Amended and Restated Real Estate License Agreement is in the best interest of the City, as the terms are greater

than 30 years. The City Attorney has reviewed and approved the proposed resolution as to form and legality.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend the Council concur with the Board's May 20, 2015 action. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ENERGY AND ENVIRONMENT COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
FUENTES:	YES
BLUMENFIELD:	YES
LABONGE:	ABSENT
HUIZAR:	YES
KORETZ:	YES

ARL  
6/3/15

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**