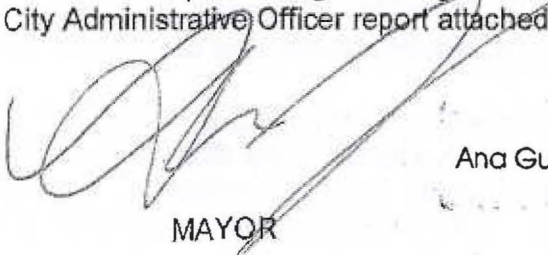


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| TRANSMITTAL | | | 0150-10480-0000 |
| TO Marcie L. Edwards, General Manager Department of Water and Power (PED) | DATE NOV 24 2015 | COUNCIL FILE NO. | |
| FROM The Mayor | COUNCIL DISTRICT | | |

STANDARD OFFER FOR SELF-GENERATION INTERCONNECTION AGREEMENT

Approved and transmitted for further processing including Council consideration.
See the City Administrative Officer report attached.


Ana Guerrero
MAYOR

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER


Date: November 23, 2015

CAO File No. 0150-10480-0000

Council File No.

Council District:

To: The Mayor

From: Miguel A. Santana, City Administrative Officer 

Reference: Communication from the Department of Water and Power dated July 28, 2015; referred by the Mayor for report on August 11, 2015

Subject: **STANDARD OFFER FOR SELF-GENERATION INTERCONNECTION AGREEMENT**

SUMMARY

The Department of Water and Power (DWP; Department) requests approval of a proposed resolution authorizing the DWP to utilize a new Standard Offer for Self-Generation Interconnection Agreement (Standard Offer Agreement). The new Standard Offer Agreement replaces two similar agreements currently in use by DWP for customers with non-solar generation facilities or with solar generation facilities larger than 30 kilowatts (kW) capacity.

Approval of the proposed Standard Offer Agreement modifies the current agreements to:

- Limit the liability of the City and DWP for defined operating and maintenance events;
- Identify operating procedures to be coordinated between the customer and DWP in order to enhance operational safety for both parties;
- Require Solar Incentive Program (SIP) participants to carry insurance naming DWP as an additional insured for large solar facilities, more than 3 megawatts (MW), that do not provide qualifying self-insurance;
- Discontinue the requirement for SIP participants to carry general liability insurance for small solar facilities (between 30 kW and 3 MW); and,
- Provide a contract term that will not expire allowing administrative cost savings for the customer and the DWP. Termination of the Standard Offer Agreement can occur if there is a material breach, by mutual agreement, as a result of a change in ownership, or if the generating facility becomes inoperable or replaced with new technology.

The proposed insurance requirements are intended to encourage the development of self-generation facilities while not adversely impacting the Department. Additionally, the DWP states that removing the insurance requirement for small facilities is appropriate considering that the interconnection of a non-solar or solar generation facility less than 3 MW is not anticipated to cause damage to DWP facilities.

The DWP General Manager is currently authorized to execute self-generation interconnection agreements for non-solar generation facilities and solar generation facilities larger than 30 kW through December 31, 2016 (Resolutions 006-053 and 008-053). Approval of the proposed resolution will continue the authorization for the General Manager, without expiration, to execute the new Standard Offer Agreement.

Approval of the proposed resolution and Standard Offer Agreement does not result in a direct fiscal impact to the DWP Power Revenue Fund. However, it is anticipated that implementation of the proposed Standard Offer Agreement will benefit DWP by encouraging customer-side generation development, reducing DWP's generation development costs over time, enhance the safety of interconnected operations, and provide administrative cost savings by avoiding regular contract renewals.

The proposed Standard Offer Agreement does not affect the Feed-In-Tariff (FIT) interconnection agreements, the Large Generator Interconnection Agreements (LGIA), the Standard Offer for Customer Generation with Multiple Facilities Interconnection Agreement, or the Solar Powered Customer Generation Interconnection Agreement for small facilities less than 30 kW.

City Council approval is required for contracts that exceed three years, pursuant to Charter Section 373. The City Attorney asserts that Charter Section 373 does not identify a contractual time limit for the proposed agreements and permits a contract that does not include an expiration. It has also been determined by the City Attorney that Charter Section 674 (Power Contracts) is not applicable to agreements between the DWP and customers. Furthermore, the contractual term limitations provided in Charter Section 607 (Limitations on Franchises, Concessions, Permits, Licenses and Leases) are not applicable to the proposed interconnection agreements with DWP customers. The City Attorney has approved the resolution and Agreement as to form and legality.

ALTERNATIVE

DWP states that an alternative to the new Standard Offer Agreement is to continue utilizing the two existing agreements, which do not include the sufficient procedures to ensure operational safety for DWP and its customers. Also, the current agreements only provide a limited term up to three years and necessitate considerable administrative effort for operations that are expected to be long term. Furthermore, the existing agreements require \$1 million of general liability insurance for small self-generating facilities starting at 30 kilowatts which DWP asserts discourage some customers from installing their own generation facilities.

RECOMMENDATIONS

That the Mayor:

1. Approve the proposed resolution to (i) authorize the Department of Water and Power to utilize the new Standard Offer for Self-Generation Interconnection Agreement and (ii) delegate authority to the DWP General Manager to execute the new Standard Offer for Self-Generation Interconnection Agreement; and,
2. Return the proposed resolution to the Department for further processing, including Council consideration.

FISCAL IMPACT STATEMENT

Approval of the proposed resolution does not result in a fiscal impact to the Power Revenue Fund or the City General Fund. The proposed Agreement complies with the Department's adopted Financial Policies.

TIME LIMIT FOR COUNCIL ACTION

Pursuant to Charter Section 373, "Long Term Contracts Approved by Council," and the Los Angeles Administrative Code Section 10.5, "Limitation and Power to Make Contracts," unless the Council takes action disapproving a contract that is longer than three years within 60 days after submission to Council, the contract shall be deemed approved.

MAS:RR:06160008