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REPORT NO. R 18 - 0110
APR 26 2018

REPORT RE:

DRAFT ORDINANCE APPROVING THE WHOLESALE ELECTRIC SERVICE AGREEMENT NO. BP 16-025 BY AND BETWEEN THE CITY OF LOS ANGELES, ACTING BY AND THROUGH THE LOS ANGELES DEPARTMENT OF WATER AND POWER, AND OVERTON POWER DISTRICT #5; AND DELEGATING TO THE BOARD OF WATER AND POWER COMMISSIONERS LIMITED AUTHORITY TO AMEND SUCH AGREEMENT

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Honorable Members:

This Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality. This draft ordinance provides for the approval of the Wholesale Electric Service Agreement No. BP 16-025 by and between the City of Los Angeles, acting by and through the Los Angeles Department of Water and Power (LADWP), and Overton Power District #5 (Overton); and delegates to the Board of Water and Power Commissioners limited authority to amend such agreement.

Background

As part of its Renewable Portfolio Standard (RPS), LADWP must meet a target to supply 33 percent of its retail energy from renewable energy sources by 2020 and 50 percent by 2030 in accordance with Senate Bill 350. To assist in achieving its RPS

targets, in 2012 the Board of Water and Power Commissioners of the City of Los Angeles (Board), via Resolution No. 013 073, and the Los Angeles City Council (Council), via Ordinance No. 182333, approved the Moapa Solar Power Purchase Agreement No. BP 12-017 (Solar PPA) for LADWP's acquisition of all the solar energy, associated environmental attributes, and generating capacity rights associated with the solar facility (Solar Facility) for a 25-year term. The Solar Facility is a 250 megawatt (MW) solar-generating facility located in the state of Nevada.

Moapa Southern Paiute Solar, LLC is the owner of the Solar Facility. Overton, a non-profit special improvement district of the state of Nevada, is the sole provider of retail electric service in Nevada for its customer Moapa Southern Paiute Solar, LLC. Because Overton does not have electric service facilities that connect to the Solar Facility, Overton will purchase wholesale energy from LADWP under the proposed Wholesale Electric Service Agreement No. BP 16-025 (Wholesale Agreement) and subsequently use that energy to provide retail electric service for the Solar Facility's station service and inverters to be coterminous with the Solar PPA's 25-year term. The Wholesale Agreement does not impact the cost LADWP pays for the Solar Facility's renewable energy under the Solar PPA.

The Wholesale Agreement presented here represents the product of protracted negotiations and provides a long-term solution for the provision of electric service to the Solar Facility. No competitive process was used because Overton is the sole provider of retail electric service at this location. Upon execution of the Wholesale Agreement, Overton will pay LADWP to true-up the accounts for the provision of wholesale energy.

Charter Enabling Provisions

Charter Section 674(a)(2) provides that, subject to approval by ordinance, the Board shall have the power to contract for the sale, purchase, exchange or pooling of electric energy or electric generating capacity. Additionally, pursuant to Charter Section 101, the Council has the power to authorize the Board to amend the agreement without further Council approval.

CEQA Findings

In accordance with the California Environmental Quality Act (CEQA), it has been determined that this Agreement is exempt pursuant to the General Exemption described in CEQA Guidelines Section 15061(b)(3). General Exemptions apply in situations where it can be seen with reasonable certainty that there is no possibility that the activity in question may have a significant effect on the environment.

Council Rule 38 Referral

This draft ordinance has been presented to the Board of Water and Power Commissioners pursuant to Council Rule 38.

If you have any questions regarding this matter, please contact Deputy City Attorney Jean-Claude Bertet at (213) 367-4500. He or another member of this Office will be present when you consider this matter to answer questions you may have.

Very truly yours,

MICHAEL N. FEUER, City Attorney

By



DAVID MICHAELSON
Chief Assistant City Attorney

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Transmittal