



MICHAEL N. FEUER
CITY ATTORNEY

REPORT NO. R 18 - 0139
MAY 15 2018

REPORT RE:

DRAFT ORDINANCE AMENDING SUBSECTION (2) OF SECTION 23.135 OF THE LOS ANGELES ADMINISTRATIVE CODE TO INCREASE THE CURRENT CONTRACT LIMITATION OF 500 MEGAWATTS (MWs) PER WHOLESALE ENERGY TRANSACTION FOR WHICH THE BOARD OF WATER AND POWER COMMISSIONERS MAY AUTHORIZE THE GENERAL MANAGER OF THE DEPARTMENT OF WATER AND POWER TO ENTER INTO AGREEMENTS FOR THE PURCHASE AND SALE OF ENERGY

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 amends Los Angeles Administrative Code Section 23.135 to increase the current contract limitation of 500 megawatts (MWs) per wholesale energy transaction for which the Board of Water and Power Commissioners (Board) may authorize the General Manager of the Los Angeles Department of Water and Power (LADWP) to enter into agreements for the purchase and sale of energy.

Background

A report to the Board, which provides a detailed summary of the background on this matter, has been transmitted separately. In short, the Board seeks to give greater flexibility to LADWP and its General Manager in the energy market by increasing the current contract limitation for energy transactions from 500 MWs to 2,000 MWs. The increase in the contraction limitation will provide LADWP the flexibility to participate in

larger volumes of energy transactions while reducing LADWP's reliance on its local natural gas-fired plants and will increase LADWP's ability to mitigate gas curtailments related to the Aliso Canyon gas storage facility. The amendment will also increase LADWP's ability to import renewable energy resulting from over-generation situations that California is currently experiencing.

Summary of Ordinance Provisions

Pursuant to Charter Sections 674(a)(2) and 604(c), the City Council has the power to authorize the Board to approve contracts for the sale, purchase, exchange or pooling of electric energy or electric generation capacity and to delegate to the General Manager authority to contract on behalf of the Department of Water and Power where the contract does not exceed limitations provided by ordinance.

CEQA Findings

In accordance with Section 15060(c)(3) of the California Environmental Quality Act (CEQA) Guidelines, an activity is not subject to CEQA if it does not meet the definition of a project. Section 15378(b)(5) states that organizational or administrative activities that will not result in direct or indirect physical changes in the environment do not meet that definition. Therefore, the amendment of an ordinance to increase the cap for wholesale energy transactions is not subject to CEQA.

Council Rule 38 Referral

Pursuant to Council Rule 38, this draft ordinance has been presented to the Board of Water and Power Commissioners, and its comments have been incorporated or resolved with LADWP.

If you have any questions regarding this matter, please contact Deputy City Attorney Vaughn Minassian at (213) 367-5297. 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

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