

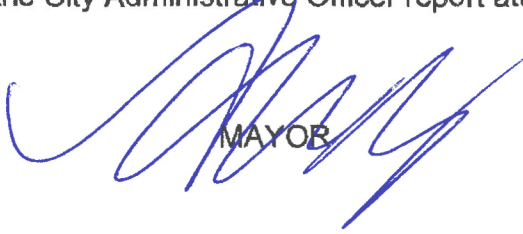
TRANSMITTAL

0150-03656-0090

TO Martin L. Adams, General Manager	DATE NOV 19 2019	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT All	

**OPEN ACCESS TRANSMISSION TARIFF SERVICE AGREEMENT
FOR FIRM POINT-TO-POINT TRANSMISSION SERVICE
BETWEEN THE LOS ANGELES DEPARTMENT OF WATER AND POWER
AND
POWEREX ENERGY CORPORATION**

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



MAYOR

Ana Guerrero

RHL:IR:10200048

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: November 13, 2019

CAO File No. 0150-03656-0090

Council File No.

Council District:

To: The Mayor

From: Richard H. Llewellyn, Jr., City Administrative Officer

Reference: Communication from the Department of Water and Power dated August 23, 2019, Referred by Mayor's Office September 27, 2019.

Subject: **OPEN ACCESS TRANSMISSION TARIFF SERVICE AGREEMENT FOR FIRM POINT-TO-POINT TRANSMISSION SERVICE BETWEEN THE LOS ANGELES DEPARTMENT OF WATER AND POWEREX ENERGY CORPORATION**

RECOMMENDATION

That the Mayor:

1. Approve the proposed Resolution and Ordinance authorizing the execution of the Form of Service Agreement for Firm Point-To-Point Transmission Service starting on January 1, 2020 to January 1, 2022 between the Los Angeles Department of Water and Power and Powerex Energy Corporation;
2. Return the proposed Resolution and Ordinance to the Department for further processing, including City Council consideration.

SUMMARY

The Los Angeles Department of Water and Power (LADWP) requests authority to execute a Service Agreement for Firm Point-To-Point Transmission Service with Powerex Energy Corporation (Powerex) for 496 megawatts (MW) over a two year term from January 1, 2020 to January 1, 2022. The Agreement also contains an automatic renewal option for an additional two years, unless either party provides a notification to terminate the Agreement. Under LADWP's Open Access Transmission Tariff (OATT) policy and procedures adopted by the City Council in July 2017 (C.F. 14-0738) authority is provided to LADWP to sell surplus capacity in advance to eligible transmission customers in accordance with the terms and conditions of the OATT. Under the current approved rates, this Agreement is estimated to generate revenue of \$39 million over the initial two year term.

The City Council approval is required pursuant to Charter Section 674, for power transmission contracts, subject to approval by ordinance. The City Attorney has approved the proposed Resolution and Ordinance as to form and legality.

Background

Through the Open Access Transmission Tariff (OATT) Program, the LADWP may sell surplus capacity to eligible customers in the wholesale energy markets upon review of its internal needs and a determination that such capacity is available. This evaluation is completed every two years. The OATT was originally approved in March 2002, and further amended in July 2014. More recently the pro forma Agreement was approved by the Board of Water and Power Commissioners (Board) and the City Council in July 2017 (C.F.14-0738). The OATT Agreement outlines the standard rates, terms and conditions for open access transmission and ancillary services available relative to the LADWP transmission system for all eligible transmission customers.

As part of LADWP's annual local transmission planning process, coordination of transmission planning services with other transmission providers and stakeholders in the Western Interconnection subregional and regional areas is facilitated through a public process. Transmission customers who have a potential need for transmission or ancillary services may submit their request for service through the LADWP Open Access Same-Time Information System (OASIS) website on a first come, first served basis. Under this Program, transmission service is requested at least 60 days, but no greater than three years in advance of the calendar month in which service is to begin. However the LADWP recommends that customers submit their request four to six months in advance to allow sufficient time for review and evaluation, as the request is subject to City approval processes.

Proposed Agreement and Governance

Powerex, a British based entity doing business in California submitted an application on March 13, 2019 for Firm Point-To-Point Transmission and Ancillary Service under the Tariff for 496 MW over a term of two years starting on January 1, 2020 to January 1, 2022. The LADWP deemed the application complete and notified Powerex that there was available capacity on April 24, 2019. The approved rates under the OATT Schedule Seven are being used.

Pursuant to the Los Angeles Administrative Code 23.133, the Board has delegated authority to the General Manager to enter into transmission service agreements which do not exceed three years in duration. Nonetheless under the City Charter Section 674, City Council approval by ordinance is required for Power contracts and the transmission of electric energy.

FISCAL IMPACT STATEMENT

There is no General Fund impact. Approval of the proposed Resolution and Ordinance impacts the Power Revenue. The proposed Agreement complies with the LADWP Financial Policies.

RHL:IR:10200048

Attachments



Los Angeles
Department of
Water & Power

RESOLUTION NO. _____

BOARD LETTER APPROVAL

Handwritten signature of Reiko A. Kerr in black ink.

REIKO A. KERR
Senior Assistant General Manager – Power System
Engineering, Planning, and Technical Services

MARTIN L. ADAMS
General Manager and Chief Engineer

DATE:

SUBJECT: Open Access Transmission Tariff Form of Service Agreement for Firm Point-To-Point Transmission Service, DWP No. BP 19-012, Between Powerex Corporation and the Los Angeles Department of Water and Power

SUMMARY

The proposed Open Access Transmission Tariff (OATT) Form of Service Agreement (Agreement) for Firm Point-To-Point Transmission Service, DWP No. BP 19-012, between Powerex Corporation (Powerex) and the Los Angeles Department of Water and Power (LADWP) IS for a transmission capacity of 496 megawatts (MW) over a term of two years from January 1, 2020 to January 1, 2022. The Agreement also contains an automatic renewal option for an additional two years, unless either party provides notification of a desire to terminate.

City Council approval by ordinance is required per Charter Section 674.

RECOMMENDATION

It is recommended that the Board of Water and Power Commissioners (Board) approve the attached Resolution, approving the Agreement, approved as to form and legality by the City Attorney, subject to further approval by the Los Angeles City Council (City Council) by ordinance.

ALTERNATIVES CONSIDERED

Alternatives are not applicable. LADWP voluntarily provides open access transmission and interconnection services on a comparable, non-discriminatory and non-preferential basis to all qualified transmission and interconnection service customers. Powerex is a qualified transmission service customer who submitted a transmission service request pursuant to the LADWP's OATT procedures. LADWP is capable of providing the requested transmission service.

FINANCIAL INFORMATION

Pursuant to LADWP's current OATT rates, this Agreement would generate revenue of approximately \$39 million dollars over the initial two year term, and a total of approximately \$78 million dollars if the Agreement is renewed for the additional two years.

BACKGROUND

LADWP's OATT was approved by the Board on October 2, 2001, and by the City Council on March 12, 2002, which was amended on July 1, 2014, and on July 3, 2017, to update the rates, terms and conditions, and procedures for open access transmission service and ancillary services on the LADWP Transmission System for all eligible transmission customers on an open access and not unduly discriminatory or preferential basis.

Powerex is a corporation organized and existing under the laws of the Province of British Columbia doing business in California as Powerex Energy Corporation. Powerex is requesting Firm Point-To-Point Transmission Service pursuant to LADWP's OATT. The Agreement is for a transmission capacity of 496 MW over a term of two years from January 1, 2020 to January 1, 2022. The Agreement also contains an automatic renewal option for an additional two years, unless either party provides notification of a desire to terminate.

LADWP has reviewed the transmission service request and confirmed that LADWP is capable of providing this service to Powerex.

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15060 (c)(2). In accordance with this section, an activity is not subject to CEQA if it will not result in a direct or reasonably foreseeable indirect physical change in the environment. Therefore, the adoption of the Agreement for Firm Point-to-Point Transmission Service is not subject to CEQA.

City Administrative Officer (CAO) Report

The CAO Report dated _____ is attached.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Resolution as to form and legality.

ATTACHMENTS

- Resolution
- Agreement
- Draft Ordinance
- CAO Report



Los Angeles
Department of
Water & Power

CUSTOMERS FIRST

Eric Garcetti, Mayor

Board of Commissioners
Mel Levine, President
Cynthia McClain-Hill, Vice President
Jill Banks Barad
Christina E. Noonan
Susana Reyes
Susan A. Rodriguez, Secretary

Martin L. Adams, Interim General Manager and Chief Engineer

August 23, 2019

The Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 303, City Hall
Mail Stop 370

Attention: Ms. Mandy Morales, Legislative Coordinator

Dear Mayor Garcetti:

Subject: Open Access Transmission Tariff Form of Service Agreement for Firm Point-To-Point Transmission Service, DWP No. BP 19-012, Between Powerex Corporation and the Los Angeles Department of Water and Power

In accordance with Executive Directive No. 4, enclosed is a copy of a Board letter and supporting documents recommending approval and transmittal to the Los Angeles City Council of Open Access Transmission Tariff (OATT) Form of Service Agreement for Firm Point-To-Point Transmission Service, DWP No. BP 19-012, between Powerex Corporation (Powerex) and the Los Angeles Department of Water and Power.

It is respectfully requested that your review be completed as soon as possible. Once the required City Administrative Officer report has been received, the matter will be scheduled for action by the Los Angeles Board of Water and Power Commissioners and forwarded to the Los Angeles City Council for final consideration.

Please contact Ms. Winifred J. Yancy, Director of Legislative and Intergovernmental Affairs, at (213) 367-0025 upon completion of the review, if the review will take longer than 30 days, or if there are any questions regarding this item.

Sincerely,

Martin L. Adams
General Manager and Chief Engineer

DN:ss

Enclosure

c/enc: Ms. Liz Crosson, Office of the Mayor
Dr. Frederick H. Pickel, Office of Public Accountability
Board of Water and Power Commissioners
Ms. Winifred J. Yancy

RESOLUTION NO. _____

WHEREAS, pursuant to Ordinance No. 183143, the Los Angeles Department of Water and Power (LADWP) Open Access Transmission Tariff, DWP No. BP 01-017 (OATT), as amended in July of 2017, provides all eligible transmission customers open access use of excess transmission on LADWP's transmission system;

WHEREAS, pursuant to the OATT, Powerex Corporation, a corporation organized and existing under the laws of the Province of British Columbia, doing business in California as Powerex Energy Corporation (Powerex) submitted a transmission service request to LADWP for 496 Megawatts of long-term, point-to-point, transmission service commencing on January 1, 2020 and continuing until January 1, 2022, with an automatic renewal option for an additional term of two years, unless either party provides notification of a desire to terminate; and

WHEREAS, LADWP have the available transmission capacity to provide such requested service.

NOW, THEREFORE, BE IT RESOLVED that the Form of Service Agreement for Firm Point-to-Point Transmission Service Agreement, DWP No. BP19-012 between LADWP and Powerex, now on file with the Secretary of the Board, and approved as to form and legality by the City Attorney, be and the same is hereby approved.

BE IT FURTHER RESOLVED that the President or the Vice President of this Board, or General Manager, or such person as he shall designate in writing as his designee, and the Secretary, Assistant Secretary, or the Acting Secretary of this Board are hereby authorized, empowered, and directed to execute said agreement for and on behalf of LADWP upon approval by the City Council by ordinance pursuant to Section 674 of the Charter of the City of Los Angeles.

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of a resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held

Secretary

APPROVED AS TO FORM AND LEGALITY
MICHAEL N. FEUER, CITY ATTORNEY

JUN 17 2019
BY: 
SYNDI DRISCOLL
DEPUTY CITY ATTORNEY

ATTACHMENT A

**Form Of Service Agreement For
Firm Point-To-Point Transmission Service**

- 1.0 This Service Agreement No. BP 19-012, dated as of April 24, 2019 is entered into, by and between The City of Los Angeles by and through the Department of Water and Power (the Transmission Provider), and Powerex is a corporation organization and existing under the laws of the Province of British Columbia doing business in California as Powerex Energy Corporation. ("Transmission Customer").
- 2.0 The Transmission Customer has been determined by the Transmission Provider to have a Completed Application No. 88748694 for Firm Point-To-Point Transmission Service under the Tariff.
- 3.0 The Transmission Provider granted the Transmission Customer's request for waiver of the requirement to provide an Application deposit in accordance with the provisions of Section 17.3 of the Tariff. This section does not apply to Short-Term Transmission Agreements.
- 4.0 Service under this agreement shall commence on the later of (1) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed. Service under this agreement shall terminate on such date as mutually agreed upon by the parties.
- 5.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.
- 6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

Los Angeles Department of Water and Power
c/o Director of Power System Planning and Development
P.O. Box 51111, Room 921, John Ferraro Building
Los Angeles, California 90051-0100

Transmission Customer:

Powerex Corp.
Attn: Manager, Transmission
1300-666 Burrard Street, Suite 1300
Vancouver, B.C., Canada V6C 2X8

- 7.0 The Tariff is incorporated herein and made a part hereof.
- 8.0 For Long-Term Firm Point-to-Point Service, Transmission Customer has included the two-page form entitled "*Specifications For Long-Term Firm Point-To-Point Transmission Service*" and such form is made a part of this agreement.
- 9.0 The following provision applies, only if the contract term is two (2) years or more:
- Automatic renewal option:** This TSA will automatically renew for an additional term of two (2) years, unless either Party notifies the other party of the termination of this automatic renewal option on or before the date that is one (1) year prior the last day of the initial term of the TSA, and one (1) year prior to the last day of each subsequent term of the TSA thereafter.
10. If applicable (refer to Section 5.2 of the Tariff), Transmission Customer has attached the executed Governmental Use Certificate (refer to Attachment A-2 of the Tariff).

Specifications For Long-Term Firm Point-To-Point
Transmission Service

1.0 Term of Transaction: Two (2) Years

Start Date: 00:00 hours Pacific Prevailing Time, January 1, 2020

Termination Date: 00:00 hours Pacific Prevailing Time, January 1, 2022

2.0 Description of capacity and energy to be transmitted by Transmission Provider including the electric Control Area in which the transaction originates.

Four Hundred Ninety Six (496) MW within the Transmission Providers control area.

3.0 Point(s) of Receipt: Nevada-Oregon Border on the Pacific Intertie (DC)

Transmission Line (NERC POR: NOB)

Delivering Party: Powerex Corp.

4.0 Point(s) of Delivery: Sylmar Switching Station (NERC POD: SYLMAR)

Receiving Party: Powerex Corp.

5.0 Maximum amount of capacity and energy to be transmitted (Reserved Capacity): Four Hundred Ninety Six (496) MW

6.0 Designation of party(ies) subject to reciprocal service obligation: None

7.0 Name(s) of any intervening systems providing transmission service: None

- 8.1 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)
- 8.2 Transmission Charge: Schedule 7 Tariff Rate per the current LADWP OATT in effect which gets updated from time to time.
- 8.3 System Impact and/or Facilities Study Charge(s):
Not Applicable
- 8.4 Direct Assignment Facilities Charge: None
- 8.5 Ancillary Services Charges: See list of services below.
Pricing for each service is listed in Transmission Provider's current Tariff in effect, which may be updated from time to time. Transmission Customer shall purchase Schedule 1 and Schedule 2 from the Transmission Provider. Transmission Customer shall be charged for Schedule 12. If Transmission Customer plans to self-supply or third-party supply (where applicable), Transmission Customer must demonstrate to the Transmission Provider that it has ownership and control over resources that are capable of providing ancillary services in accordance with the Transmission Provider's current Tariff in effect, which may be amended from time to time. The Transmission Customer will be billed for all applicable schedules listed below.

	Description
Schedule 1	Scheduling, System Control and Dispatch Service
Schedule 2	Reactive Supply and Voltage Control from Generation or Other Sources Service
Schedule 3	Regulation and Frequency Response Service
Schedule 4	Energy Imbalance Service
Schedule 5	Operating Reserve - Spinning Reserve Service
Schedule 6	Operating Reserve - Supplemental Reserve Service
Schedule 9	Generator Imbalance Service
Schedule 10	Generator Regulation & Frequency Response Service
Schedule 12	Real Power Losses

ORDINANCE NO. _____

An ordinance approving the Form of Service Agreement for Firm Point-To-Point Transmission Service Agreement, DWP No. BP19-012, by and between the City of Los Angeles, acting by and through the Department of Water and Power, and Powerex Corporation, a corporation organized and existing under the laws of the Province of British Columbia, doing business in California as Powerex Energy Corporation.

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. Form of Service Agreement for Firm Point-to-Point Transmission Service Agreement, DWP No. BP19-012, approved by the Board of Water and Power Commissioners by the adoption of Resolution No. XXX-XXX, that is on file with the City Clerk, is hereby approved.

DRAFT

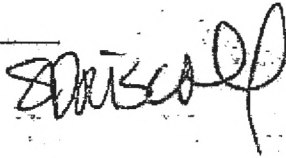
Sec. 2. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

Approved as to Form and Legality

MICHAEL N. FEUER, City Attorney

By _____

SYNDI N. DRISCOLL
Deputy City Attorney



Date _____

File No. _____

[Document file path]

I hereby certify that the foregoing ordinance was passed by the Council of the City of Los Angeles.

CITY CLERK

MAYOR

Ordinance Passed _____

Approved _____