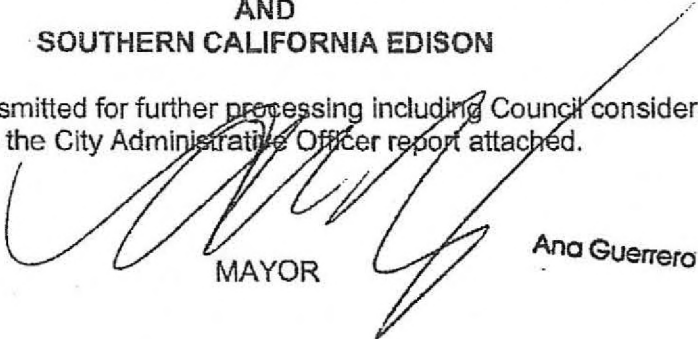




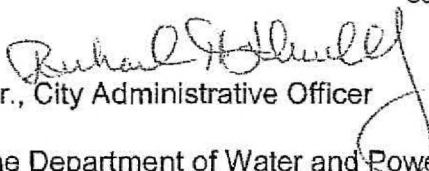
TRANSMITTAL		0150-11525-0000
TO Martin L. Adams, General Manager	DATE NOV 19 2019	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT All	
<p>AMENDED AND RESTATED VICTORVILLE-LUGO INTERCONNECTION AGREEMENT BETWEEN THE LOS ANGELES DEPARTMENT OF WATER AND POWER AND SOUTHERN CALIFORNIA EDISON</p> <p>Approved and transmitted for further processing including Council consideration. See the City Administrative Officer report attached.</p> <p style="text-align: center;"> MAYOR Ana Guerrero</p>		
RHL:IR:10200050		

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: November 15, 2019
CAO File No. 0150-11525-0000
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 October 28, 2019, Referred by Mayor's Office October 31, 2019.

Subject: **AMENDED AND RESTATED VICTORVILLE-LUGO INTERCONNECTION AGREEMENT BETWEEN THE LOS ANGELES DEPARTMENT OF WATER AND POWER AND SOUTHERN CALIFORNIA EDISON**

RECOMMENDATION

That the Mayor:

1. Approve the proposed Resolution and Ordinance authorizing the execution of the Amended and Restated Victorville-Lugo Interconnection Agreement between the Los Angeles Department of Water and Power and Southern California Edison;
2. Delegate limited authority to the Board to act on and approve all future amendments without further approval by the City Council, provided that such amendments do not increase the cost or extend the term;
3. 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 an Amended and Restated Victorville-Lugo Interconnection Agreement between the LADWP and Southern California Edison (SCE). The Interconnection Agreement will be amended and restated to revise the capacity share percentages, update the terms and conditions of the original Agreement, and extend the term for an additional forty years from November 20, 2019 to November 20, 2059. This Agreement is subject to California Independent System Operator (CAISO) who is the Balancing Authority for SCE and the Federal Energy Regulatory Commission (FERC) approval. The LADWP is also a Balancing Authority and continually works with other entities to ensure that energy resources are transmitted to the California grid benefiting the system as a whole.

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

The Victorville-Lugo Interconnection Agreement governs the transmission interconnection between LADWP's Victorville 500 kilovolt (kV) Switchyard (located in Victorville, CA) and Southern California Edison's Lugo 500 kV Substation (located in Hesperia, CA). The original fifty year agreement was entered into on November 20, 1969, and expires on November 19, 2019. Under the original agreement the point of interconnection takes place on SCE's transmission system structure where Los Angeles utilizes one-third and two-thirds are for SCE. Under the Agreement, each entity operates and maintains its portion of the Victorville-Lugo Interconnection and share in the transmission capacity along the Northern West of River (NWOR) Path 46 during outages or shortages thus contributing to reliability. Path 46, also called West of Colorado River, Arizona-California West-of-the-River Path, is a set of many high-voltage alternating-current transmission lines that are located in southeast California and Nevada up to the Colorado River. This power transmission system is essential to meet the electricity demands of Southern California.

The energy transmitted from the Lugo Substation is within the metered boundaries of the CAISO Balancing Authority Area, and under the operational control of CAISO's transmission grid and CAISO assumes operational control of SCE's portion of the Victorville-Lugo Transmission Line. The CAISO manages the flow of electricity across the high-voltage, long-distance power lines that make up eighty percent of California's transmission system and a small part of Nevada's grid. They coordinate competing energy resources into the grid and match buyers and sellers of electricity daily to ensure there is sufficient power to meet consumer needs.

Proposed Interconnection Agreement

The Amended and Restated Interconnection Agreement establishes the costs, terms, and conditions related to capacity sharing and terms and is necessary due to facility modifications that have occurred over time to each Party's transmission system and reflect the proposed additional power transfer contributions. The Amendment extends the Agreement for forty years from November 19, 2019 to November 20, 2059 and is subject to execution by all parties and acceptance by CAISO and the FERC and remains in effect unless terminated by either party, or default pursuant to terms identified in the Agreement.

The capacity share percentages are updated to reflect how the system is currently being operated from one third LADWP and two thirds SCE to 46.1 percent and 53.9 percent respectively. Exhibit A in the Department's report updates the shares and provides the terms for capacity sharing during curtailments and outages. All the costs for interconnection will be borne by LADWP and SCE in proportion to their capacity share percentages. Per staff, LADWP's increased capacity is the result of additions to the NWOR Path 46 and not to the Victorville-Lugo transmission line itself, so there is no fiscal impact as a result of the proposed amendment.

Governance

The Resolution and Ordinance seek limited authority for the Board to act on and approve all future amendments, without further approval by the City Council, provided that such amendments do not increase the cost (excluding inflationary adjustments) or extend the term.

Under the City Charter Section 674, the Board shall have the power to contract with the United States or any of its agencies, any state or state agency, and any corporation, public or private, located inside or outside of the City or State of California; for the construction, ownership, operation, and maintenance of facilities for the generation, transformation, and transmission of electric energy.

FISCAL IMPACT STATEMENT

There is no General Fund impact. Approval of the proposed Resolution and Ordinance will have no new or additional fiscal impact to the Power Revenue Fund. The proposed action complies with the LADWP Financial Policies.

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Attachments