



Los Angeles
Department of
Water & Power

RESOLUTION NO. _____

BOARD LETTER APPROVAL

A handwritten signature in blue ink, appearing to read 'David H. Wright', is written over a horizontal line.

DAVID H. WRIGHT
Chief Administrative Officer

A handwritten signature in blue ink, appearing to read 'A. Kendall', is written over a horizontal line.

ANDREW C. KENDALL
Executive Director of Power System-
Construction, Maintenance, and Operations

A handwritten signature in blue ink, appearing to read 'Marcie L. Edwards', is written over a horizontal line.

MARCIE L. EDWARDS
General Manager

DATE: August 24, 2015

SUBJECT: Los Angeles Department of Water and Power (LADWP) Real Estate License Agreement (P-88182) with RE Barren Ridge 1, LLC (Barren Ridge 1)

SUMMARY

The proposed license agreement between Barren Ridge 1 and LADWP will provide Barren Ridge 1 with access to an existing access road for operating and maintaining a transmission line between Barren Ridge 1's solar facility and LADWP's Barren Ridge Switching Station (BRSS). The license agreement is for an initial term of 20 years and may be extended for up to 34 years and 11 months. There is no license fee.

A Power Purchase Agreement (PPA) with Barren Ridge 1 was approved by the Board in August 2014. The power will be supplied by a solar facility that Barren Ridge 1 is constructing 11 miles northeast of Mojave, California. LADWP initially established a five-year license for the access road. However, Barren Ridge 1 requires a license agreement for the proposed period to obtain financing for the solar facility.

Los Angeles City Council (City Council) approval is required pursuant to Charter Section 606.

RECOMMENDATION

It is requested that the Board of Water and Power Commissioners (Board) adopt the attached Resolution recommending City Council's approval of License Agreement No. P-88182 as required in Charter Section 606.

ALTERNATIVES CONSIDERED

The only alternative available is for LADWP to start negotiations with another developer for renewable energy that may not meet LADWP's schedule for generating renewable energy and could potentially be at less favorable terms due to the pending expiration of the Investment Tax Credit.

FINANCIAL INFORMATION

There are no expected expenditures for this agreement incremental to the executed PPA, Purchase Option, and Land Purchase Option.

BACKGROUND

The PPA with Barren Ridge 1 was executed in August of 2014 for power from a solar facility that Barren Ridge 1 is constructing 11 miles northeast of Mojave, California. The PPA is part of LADWP's strategy to meet the California Energy Commission requirements of 25 percent renewable energy in 2016 and 33 percent renewable energy in 2020.

LADWP initially established a five-year license to provide Barren Ridge 1 with access to an existing access road for operating and maintaining a transmission line between Barren Ridge 1's solar facility and LADWP's BRSS. However, Barren Ridge 1 requires a license agreement for up to 34 years and 11 months to obtain financing for the solar facility.

The proposed term for the license agreement covers the useful life of the project. During the 20-year term of the PPA there will be no license fee. After the termination of the PPA and during any option period, the license fee shall be set at the then prevailing fair market rate.

Risk Management Provisions

LADWP has done business before with RE Barren Ridge 1 LLC, RE Barren Ridge LandCo LLC, or their mutual parent company Recurrent Energy LLC affiliates. The PPA, Option Agreement, Land Option Agreement, and Gen-tie License Agreement were executed on August 25, 2014.

The City Administrative Officer (CAO) report is attached.

ENVIRONMENTAL DETERMINATION

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. The action of issuing a license agreement to accompany an existing PPA, does not result in a direct or indirect physical change in the environment and described in Section 15378 and so does not meet the definition of the project. This action is no subject to CEQA.

CITY ATTORNEY

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

ATTACHMENTS

- Resolution
- Agreement
- CAO Report