

ENERGY, CLIMATE CHANGE, AND ENVIRONMENTAL JUSTICE COMMITTEE REPORT relative to amending the Los Angeles Administrative Code (LAAC) relating to wholesale energy transactions.

Recommendations for Council action:

1. CONCUR with the Board of Water and Power Commissioners' action of April 24, 2018, Resolution No. 018-211, authorizing the amendment to LAAC Section 23.135.
2. REQUEST the City Attorney to prepare and present an Ordinance to amend LAAC Subsection (2) of Section 23.135 to increase the current contract limitation of 500 megawatts per wholesale energy transaction to 2,000 megawatts per wholesale energy transaction for which the Board of Water and Power Commissioners may authorize the General Manager, LADWP, to enter into agreements for the purchase and sale of energy.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that wholesale energy transactions impact the Power Revenue Fund. There is no fiscal impact to the City General Fund.

Community Impact Statement: None submitted.

Summary:

On June 19, 2018, your Committee considered a March 2, 2018 CAO report relative to amending LAAC Subsection (2) of Section 23.135 to increase the current contract limitation of 500 megawatts per wholesale energy transaction to 2,000 megawatts per wholesale energy transaction for which the Board of Water and Power Commissioners may authorize the General Manager, LADWP to enter into agreements for the purchase and sale of energy. According to the CAO, the objective of the Ordinance is to improve the Power System reliability by increasing the opportunities for importing energy into Los Angeles. Specifically, it authorizes the LADWP and the LADWP General Manager, if delegated by the Board, to purchase wholesale energy with a per transaction limitation of 2,000 megawatts (MW) compared to the current limit of 500 MW per transaction. The LADWP anticipates requiring this increased authority to quickly acquire large quantities of energy during an incident of sudden power loss, natural gas curtailments related to the Aliso Canyon gas storage facility, or as opportunities to import excess energy become available from the California Independent System Operator.

The current limit of 500 MW per transaction was established by Ordinance No. 177678, effective August 17, 2006. In addition to the limit on transaction size, Ordinance 177678 also set a limit for contract duration and price of 18 months and \$2,500 per megawatt-hour. If approved, the current proposal only amends the 500 MW limit by increasing it to 2,000 MW per transaction. The limit for contract duration and price shall remain unchanged. After further consideration and having provided an opportunity for public comment, the Committee moved to recommend that Council concur with the Board's actions as detailed in the above recommendation. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ENERGY, CLIMATE CHANGE, AND ENVIRONMENTAL JUSTICE COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
MARTINEZ:	YES
KORETZ:	YES
KREKORIAN:	YES
CEDILLO:	YES
O'FARRELL:	YES

ARL
6/19/18

-NOT OFFICIAL UNTIL COUNCIL ACTS-