

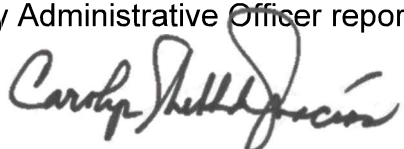
0150-03656-0107

TRANSMITTAL

TO Janisse Quinones, General Manager Los Angeles Department of Water and Power	DATE 10/2/2024	COUNCIL FILE
FROM The Mayor	COUNCIL DISTRICT N/A	

LOS ANGELES DEPARTMENT OF WATER AND POWER PROPOSED RESOLUTION  
AND ORDINANCE AUTHORIZING THREE TRANSMISSION SERVICE AGREEMENTS  
WITH OPEN MOUNTAIN ENERGY LLC. FOR FIRM POINT-TO-POINT  
TRANSMISSION SERVICE (DWP NO. BP 22-007, BP 22-019, BP 23-002)

Transmitted for further processing and Council consideration.  
See the City Administrative Officer report attached.

  
MAYOR

Attachment  
MWS:PJH/JVW/JCY:IR:10250049t

(Carolyn Webb de Macias for)

**REPORT FROM**

**OFFICE OF THE CITY ADMINISTRATIVE OFFICER**

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Date: September 5, 2024

CAO File No.: 0150-03656-0107

Council File No.:

Council District: N/A

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer

Reference: Communication from the Department of Water and Power dated July 23, 2024; referred by the Mayor for report on July 23, 2024

Subject: **LOS ANGELES DEPARTMENT OF WATER AND POWER PROPOSED RESOLUTION AND ORDINANCE AUTHORIZING THREE TRANSMISSION SERVICE AGREEMENTS WITH OPEN MOUNTAIN ENERGY, LLC. FOR FIRM POINT-TO-POINT TRANSMISSION SERVICE (DWP NO. BP 22-007, BP 22-019, BP 23-002)**

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**RECOMMENDATION**

That the Mayor:

1. Approve the Los Angeles Department of Water and Power proposed Resolution and Ordinance authorizing three Transmission Service Agreements with Open Mountain Energy, LLC. for firm point-to-point transmission service for the delivery of power from Gonder Substation to the Mona Substation, with an automatic renewal option to extend each Agreement through June 15, 2027 as follows:
  - a. Agreement No. BP 22-007; effective from June 1, 2025 to June 1, 2026 for 13 megawatts (MW) of power service.
  - b. Agreement No. BP 22-019; effective from December 1, 2024 to December 1, 2026 for six MW of power service.
  - c. Agreement No. BP 23-002; effective from March 1, 2025, to March 2027 for 20 MW of power service.
2. Return the proposed Resolution to the LADWP for further processing, including Council consideration.

**SUMMARY**

The Los Angeles Department of Water and Power (LADWP) requests approval of the proposed Resolution and Ordinance authorizing three Transmission Service Agreements (Agreements) with Open Mountain Energy, LLC. (OME) for firm point-to-point delivery of power from Gonder Substation to the Mona Substation located in Utah for a total of 39 megawatts (MW) across the three

Agreements. Each Agreement includes an automatic renewal option for an additional extension through June 15, 2027, unless either party provides notification of a desire to terminate on or before one year prior to the expiration date in the original Agreement. Under LADWP's Open Access Transmission Tariff (OATT) policy and procedures last modified by the City Council in 2021 (C.F. 19-1599), 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, the total proposed Agreements are estimated to generate revenue up to \$2.9 million over the original term, and up to \$3.7 million for the option term.

The LADWP report submitted to the Mayor's Office dated July 23, 2024, indicates a commencement date of June 1, 2024 for Agreement No. BP 22-007. LADWP reports that this commencement date has been deferred to June 1, 2025 at the request of the customer. This update will be reflected in a revised Board report and no subsequent reviews are needed by this Office.

Pursuant to Charter Section 674, City Council approval, including adoption of an ordinance, is required for power transmission contracts. The City Attorney has reviewed and approved the proposed Resolution, Ordinance and Agreements as to form. Our Office has reviewed the request and recommends approval.

## BACKGROUND

Through the 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 pro forma Agreement was modified and approved by the City Council in December 2021. The OATT Agreement outlines the standard rates, terms and conditions for open access transmission and ancillary services available for eligible transmission customers.

*Proposed Agreements* - OME, a limited liability company organized and existing under the state of Utah, submitted an application to LADWP requesting point-to-point transmission and ancillary services from the Gonder Substation to Mona Substation located in Utah. The proposed Agreements detailed below will provide up to 39 MW of power service.

<i>Contract No.</i>	<i>Point of Receipt-Point of Delivery</i>	<i>Capacity</i>
BP 22-007	Gonder Substation to Mona Substation	13
BP 22-019		6
BP 23-002		20
<i>Total</i>		39

LADWP deemed the applications complete and notified OME that LADWP can provide this service. Under this Program, transmission service must be requested at least 60 days in advance, but no greater than three years in advance of the calendar month in which service is to begin.

*Alternatives Considered* – LADWP considered one alternative, which is to not approve the Agreements, which is not feasible. LADWP voluntarily provides open access transmission and