

0150-03656-0097

**TRANSMITTAL**

TO Martin L. Adams, General Manager Department of Water and Power	DATE 08/25/21	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT All	

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

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

  
MAYOR

(Rich Llewellyn for)

MWS:IR:10210144

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: July 6, 2021

CAO File No. 0150-03656-0097

Council File No.

Council District:

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer 

Reference: Communication from the Department of Water and Power dated May 10, 2021,  
Referred by Mayor's Office May 27, 2021.

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

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### RECOMMENDATION

That the Mayor:

1. Approve the proposed Resolution and Ordinance authorizing the execution of five Firm Point-To-Point Transmission Service Agreements starting on January 1, 2022 to January 1, 2024 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 five individual Transmission Service Agreements (TSAs) for Firm Point-To-Point Transmission Service with Powerex Energy Corporation (Powerex) for a combined 496 megawatts (MW) over a two year term from January 1, 2022 to January 1, 2024. The TSA also contains an automatic renewal option for an additional two years, unless either party provides a notification to terminate the TSA. Under LADWP's Open Access Transmission Tariff (OATT) policy and procedures adopted by the City Council in July 2020 (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, these Agreements are estimated to generate total revenue of \$38.4 million over the initial two year term.

Pursuant to Charter Section 674, City Council approval is required 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 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. More recently the pro forma Agreement was approved by the Board of Water and Power Commissioners (Board) and the City Council in July 2020 (C.F. 19-1599). Concurrently, the LADWP General Manager is seeking approval under a separate transmittal, to make minor changes to the OATT, which do not impact rates, terms or condition. 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.

*Proposed Agreements and Governance*

Powerex, a British based entity doing business in California submitted applications on October 2, 2020 for the various agreements for Firm Point-To-Point Transmission and Ancillary Service. The individual agreements are detailed below having the following Points of Receipt (PORs) and Points of Delivery (PODs): 1) Nevada-Oregon-Border on the Pacific Intertie (DC) Transmission Line (NOB); 2) Palo Verde Nuclear Generating Station (Paloverde 500); 3) Mead 230 kilovolts (kV) Substation (Mead 230); and 4) Sylmar Converter Station (Sylmar).

<i>Contract No.</i>	<i>Point of Receipt – Point of Delivery</i>	<i>Capacity</i>
BP 20-025	NOB-Paloverde 500	300
BP 20-026	NOB-Paloverde 500	50
BP 20-027	NOB-Mead 230	6
BP 20-028	NOB-Paloverde 500	18
BP 20-029	NOB-Sylmar	122

The LADWP deemed the applications complete and notified Powerex on October 30, 2020, that LADWP is capable of providing this service. Under this Program, transmission service is 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. The approved 2020 rates under the OATT Schedule Seven are being used.

**FISCAL IMPACT STATEMENT**

There is no General Fund impact. Approval of the proposed Resolution and Ordinance provides an estimated \$38.4 million in revenue over two years to the LADWP Power Revenue Fund as a result of the TSAs. The proposed action complies with the LADWP Financial Policies.

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*Attachments*