

TRANSMITTAL

0150-08065-0005

TO Martin L. Adams, General Manager Los Angeles Department of Water and Power	DATE 01/04/2022	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT All	

**AMENDMENT NO. 6 (AGREEMENT NO. 47443) BETWEEN THE LOS ANGELES
DEPARTMENT OF WATER AND POWER AND OPEN ACCESS TECHNOLOGY
INTERNATIONAL, INC. FOR ENERGY TRANSACTION SCHEDULING SERVICES**

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

**MAYOR**

(Rich Llewellyn for)

MWS:IR:10220039

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: November 19, 2021

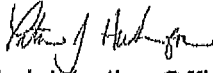
CAO File No. 0150-08065-0005

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 August 30, 2021; referred by the Mayor for report on September 15, 2021

Subject: **AMENDMENT NO. 6 (AGREEMENT NO. 47443) BETWEEN THE LOS ANGELES DEPARTMENT OF WATER AND POWER AND OPEN ACCESS TECHNOLOGY INTERNATIONAL, INC. FOR ENERGY TRANSACTION SCHEDULING AND SETTLEMENT SERVICES**

RECOMMENDATION

That the Mayor:

1. Approve the proposed Resolution authorizing Amendment No. 6 to Agreement 47443 between the Los Angeles Department of Water and Power (LADWP) and Open Access Technology International (OATI), Inc. to extend the contract term by six years to December 31, 2028, and increase the contract by \$9,611,000, resulting in a total amount not to exceed \$26,036,000 for new and additional energy transaction scheduling and settlement services required to support compliance with regulatory mandates; and,
 - a) Authorize the General Manager or designee to accept and implement annual price adjustments provided the total expenditures stay within the authorized total contract amount.
 - b) Authorize the General Manager or designee to accept and implement any Common Western OASIS procedural changes that the westTTrans members are authorized to make under the Agreement, provided any procedural changes which have cost impacts stay within the authorized total contract amount.
2. Authorize the Chief Accounting Employee of the LADWP, upon proper certification, is authorized and directed to draw demands on the Power Revenue Fund, in accordance with the terms of the Agreement;
3. Return the proposed Resolution to the Department for further processing, including City Council consideration.

SUMMARY

The LADWP requests authority to execute Amendment No. 6 with OATI to continue existing energy scheduling, energy trading and transmission management tools and the addition of new services required as a participant under the California Independent System Operator (CAISO) Energy Imbalance Market (EIM). The current contract expires on December 31, 2022, and approval of this amendment will extend the contract term for six additional years to December 31, 2028, for a total contract term of twenty three years, and increases the contract by \$9,611,000 from \$16,425,945 million to an amount not to exceed \$26,036,000.

The Office of the City Attorney has reviewed and approved the amendment to this Agreement and proposed Resolution as to form and legality. Lastly, City Council approval is required pursuant to Charter Section 373 for contracts longer than three years.

Background

OATI provides proprietary services under the existing agreement for energy transaction scheduling, settlement in the energy market required to support LADWP compliance with regulatory mandates. The original agreement was awarded in January 2006 and approved by the City Attorney as a sole source agreement, with subsequent amendments for time and funding over the years to add new services as necessary.

Over the past four years, the City has approved several LADWP actions necessary to effectuate LADWP's intent to join the CAISO EIM. In May 2017, the LADWP Board and City Council approved the EIM Implementation Agreement with CAISO (C.F.17-0312) which discussed infrastructure, communication and technology upgrades to be required by CAISO in order for LADWP's participation. Subsequently in December 2020, the City Council adopted the various (C.F. 20-1338) CAISO EIM Entity Agreements which further outlined the roles and responsibilities required by LADWP. Ultimately, LADWP joined CAISO in April 2021.

Proposed Amendment No. 6 to Agreement

Under this Amendment, existing services will continue and new services will be provided by OATI to support LADWP's responsibility as an EIM Entity Scheduling Coordinator and Participating Resource Scheduling Coordinator. LADWP does not have the technical expertise to provide these services. In addition, webEIM Base Services, Premium Market Compliance Services, webEIM Demilitarized Zone Service, and OATInetPlus data communication services, and options to add more EIM users and EIM capability for the Quality Assurance System will be added services.

LADWP has two preexisting delegations of authority which require updates to the contract limits. The amendment includes the delegations of authority with the new contract not-to exceed amount as follows:

- Pricing Adjustments – The amendment allows for automatic price adjustments each year effective January 2021 related to OATI having to update services in order to accommodate

CAISO EIM changes. OATI will provide a 60 day advance written notice to LADWP as changes are necessary. Pricing adjustment will be paid out of contingency funds set aside within the total contracted amount of \$26,036,000.

- Common Western OASIS Procedures – LADWP is a member of Common Western OASIS, also called westTTrans, which consists of 27 western utilities. The westTTrans is a site where participating utilities maintain their own transmission tariff but together provide a common method of enhancing the transmission market. Future changes to the procedures may be necessary for westTTrans members. Any cost impacts will be paid out of contingency funds set aside within the total contracted amount of \$26,036,000.

Although the contract expires in December 2022, the amendment is being requested now to allow for the implementation and continuity of the CAISO EIM scheduling services.

LADWP reports that funding is provided for this Amendment as part of the 2021-22 Adopted Budget and subsequent funding will be provided in outlying years within the Power Revenue Fund.

FISCAL IMPACT STATEMENT

There is no General Fund impact. Approval of the proposed Resolution authorizes additional expenditures up to \$9.6 million over the next six years, as appropriate for ongoing and new energy transaction scheduling services and upgrades as necessary and impacts the LADWP Power Revenue Fund. The proposed action complies with the LADWP Financial Policies in that funding is available to support this purpose.

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Attachments