



STEERING COMMITTEE

Agenda Report

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File #: 2024-3815

Agenda Date: 9/25/2024

Agenda Item No: 2.

FROM: Robert Thompson, General Manager
Originator: Riaz Moinuddin, Director of Operations & Maintenance

SUBJECT:

SOUTHERN CALIFORNIA EDISON - REPLACEMENT OF THE POWER PURCHASE AGREEMENT AT PLANT NO. 2

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

Approve the Net Energy Metering Interconnection Agreement (NST-497000) and Affidavit with Southern California Edison (SCE) Company and Orange County Sanitation District (OC San) to allow service under the Net Energy Metering (NEM-ST) tariff.

BACKGROUND

OC San operates five Central Generation engines and a steam turbine at Plant No. 2. The engines and steam turbine normally generate 100% of the power demand at Plant No. 2 and a nominal amount that is exported.

OC San and SCE entered into a Power Purchase Agreement (PPA) on September 9, 1991. This agreement has had four amendments, most recently in July 2023 while SCE was processing OC San's application for service under the NEM-ST tariff. That application has been approved.

RELEVANT STANDARDS

- Ensure the public's money is wisely spent
- Maintain a culture of improving efficiency to reduce the cost to provide the current service level or standard

PROBLEM

The original PPA extension is set to expire on November 30, 2024. The NEM-ST tariff agreement will incorporate a new PPA and allow OC San to continue exporting power to SCE.

PROPOSED SOLUTION

Approve the Net Energy Metering Interconnection Agreement and Affidavit to allow power export with a new PPA through the NEM-ST tariff.

TIMING CONCERNS

Not approving the NEM-ST arrangement would leave OC San without a PPA after November 2024.

RAMIFICATIONS OF NOT TAKING ACTION

Without this agreement, OC San will not be able to export power at Plant No. 2.

PRIOR COMMITTEE/BOARD ACTIONS

July 2023 - Approved and Authorized the Board Chairman to execute Amendment No. 4 to the Power Purchase Agreement (QFID-04) with Southern California Edison (SCE) Company and Orange County Sanitation District, to allow for the extension of the term and to adjust the price for all energy delivered to SCE during the extension period.

November 2018 - Approved Amendment No. 3 to the As-Available Capacity and Energy Power Purchase Agreement with Southern California Edison Company, to allow the Orange County Sanitation District to receive monthly sale statements from Southern California Edison Company through the electronic mail system.

September 2005 - Authorized the General Manager to approve Amendment No. 2 to the Power Purchase Agreement (QF 1098) with Southern California Edison Company, changing the type of the Plant 2 power generating facility from small power producer to co-generator facility.

February 2002 - Authorized the General Manager to execute contract amendments to the existing "As Available Capacity and Energy Power Purchase Agreements" with Southern California Edison, as follows, providing for the method of payment by Edison of money owed to the District for power sold to Edison from November 2000 through March 2001, in a form approved by General Counsel: Amendment No. 1 to Agreement Implementing Section 4.4 of Amendment No. 1 to Power Purchase Agreement - QFID 2640 (for Plant 1), including Conditional Release and Waiver. Amendment No. 1 to Agreement Implementing Section 4.4 of Amendment No. 1 to Power Purchase Agreement - QFID 1098 (for Plant 2), including Conditional Release and Waiver.

August 2001 - Authorized the General Manager to execute contract amendments to the existing "As Available Capacity and Energy Power Purchase Agreements" with Southern California Edison, as follows, in a form approved by General Counsel: Amendment No. 1 To Power Purchase Agreement - QFID 2640 (for Plant 1). Agreement Amending Amendment No. 1 To Power Purchase Agreement - QFID 2640 (for Plant 1). Amendment No. 1 To Power Purchase Agreement - QFID 1098 (for Plant 2). Agreement Amending Amendment No. 1 To Power Purchase Agreement - QFID 1098 (for Plant 2).

May 1991 - Approved documents relative to arrangements with Southern California Edison Company for parallel operation of power generating facilities and for purchase and sale of excess power in connection with the new Central Treatment Plant No. 2.

ADDITIONAL INFORMATION

N/A

CEQA

N/A

FINANCIAL CONSIDERATIONS

This request complies with authority levels of OC San's Purchasing Ordinance. This item has been budgeted (Budget FY 2024-25 and 2025-26, Section 5, Page 7, Net Operating Expense) and the budget is sufficient for the recommended action.

ATTACHMENT

The following attachment(s) may be viewed on-line at the OC San website (www.ocsan.gov) with the complete agenda package:

- Draft Net Energy Metering Interconnection Agreement
- Draft NEM Customer-Generator Affidavit
- Amendment No. 4
- Amendment No. 3
- Amendment No. 2
- Amendment No. 1
- Original Agreement