



STEERING COMMITTEE

Agenda Report

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File #: 2023-3121

Agenda Date: 7/26/2023

Agenda Item No: 15.

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

SUBJECT:

SOUTHERN CALIFORNIA EDISON - AMENDMENT NO. 4 TO THE POWER PURCHASE AGREEMENT AT PLANT NO. 2

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

Approve and Authorize 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.

BACKGROUND

The Orange County Sanitation District (OC San) operates five Central Generation (CenGen) 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. The terms of this agreement end July 26, 2023. This agreement has had three prior amendments.

OC San has applied for a new PPA agreement, Net Energy Metering (NEM-ST), with SCE. The NEM-ST agreement is being processed by SCE. Amendment No. 4 will allow OC San to continue with the existing PPA and be compensated for resource capacity, however, OC San will not be compensated for any energy delivered to the grid. OC San does not plan to export energy in any significant way under this amendment and plans to operate the engines with near zero exports.

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 is set to expire on July 26, 2023. On April 12, 2023, OC San applied for the new PPA. The application is currently under review and will not be in place before the expiration of the existing PPA.

PROPOSED SOLUTION

Approve Amendment No. 4 of the current PPA which will provide continued service through November 30, 2024, or until the new PPA has been approved.

TIMING CONCERNS

Not amending the PPA by July 26, 2023 would leave OC San without a PPA.

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

November 2018 - Approved Amendment No. 3 to the As-Available Capacity and Energy PPA with SCE, to allow OC San to receive monthly sale statements from SCE through the electronic mail system.

September 2005 - Authorized the General Manager to approve Amendment No. 2 to the PPA (QF 1098) with SCE, changing the type of the Plant No. 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 SCE, 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 the Power Purchase Agreement - QFID 1098 (for Plant No. 2) including Conditional Release and Waiver.

August 2001 - Authorized the General Manager to approve Amendment No. 1 to the PPA with SCE, changing the type of the Plant No. 2 power generating facility from small power producer to co-generator facility.

May 1991 - Approved documents relative to arrangements with SCE 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 Update 2023-2024, Page 38).

ATTACHMENT

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

- Proposed Amendment No. 4
- Amendment No. 3
- Amendment No. 2
- Amendment No. 1
- Original Agreement