



OPERATIONS COMMITTEE

Agenda Report

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File #: 2024-3917

Agenda Date: 11/6/2024

Agenda Item No: 2.

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

SUBJECT:

SOUTHERN CALIFORNIA EDISON - AMENDMENT NO. 5 TO THE POWER PURCHASE AGREEMENT AT PLANT NO. 2

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

Approve and authorize the Board Chairman to execute Amendment No. 5 to the Power Purchase Agreement (QFID-05) with Southern California Edison (SCE) Company and Orange County Sanitation District (OC San), to allow for the extension of the term and to adjust the price for all energy delivered to SCE during the extension period.

BACKGROUND

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 November 30, 2024. This agreement has had four prior amendments.

OC San is applying for a new PPA under the Wholesale Distribution Access Tariff (WDAT) with SCE. The WDAT agreement is being processed by SCE. Amendment No. 5 will allow OC San to continue with the existing PPA and continue to be compensated for resource capacity. OC San does not plan to export significant amounts of energy under the 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 current PPA is set to expire on November 30, 2024. The application for a replacement WDAT PPA is currently under review and will not be in place before the expiration of the existing PPA.

PROPOSED SOLUTION

Approve Amendment No. 5 of the current PPA which will provide continued service through December 31, 2026, or until the new PPA has been approved.

TIMING CONCERNS

Not amending the PPA by November 30, 2024 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

September 2024 - Approved 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.

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 the Power Purchase Agreement - QFID 2640 (for Plant 1), including Conditional Release and Waiver and Amendment No. 1 to Agreement Implementing Section 4.4 of Amendment No. 1 to the 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); and Agreement Amending Amendment No. 1 To Power Purchase Agreement - QFID 1098 (for Plant 2).

May 1991 - Approved documents relative to necessary 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 Districts' new Central Power Generation System at 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, Operations Summary) 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:

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