



## City of Riverside's Participation in Southern California Public Power Authority (SCPPA)

Public Utilities Department

City Council Workshop  
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## What is SCPPA

1. SCPPA is a Joint Power Agency (JPA) formed in 1980
2. SCPPA is subject to Brown Act and Public Records Act –  
*All Board meetings are open to the public, and Meeting minutes are available on its public website*
3. Current members: Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Imperial Irrigation District, Los Angeles, Pasadena, Riverside and Vernon

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## What is SCPPA (cont.)

4. Members serve 2 million metered customers, with a population of 4.8 million
5. Broadly defined purpose: to “create a separate public entity to undertake the planning, financing, development, acquisition, construction, operation and maintenance of one or more projects for the generation or transmission of electrical energy”
6. Provides economies-of-scale and scope to benefit all members



## SCPPA Formation

1. Formed in 1980 under the Joint Exercise of Power Act of the California Legislature:

*“If authorized by their legislative or other governing bodies, two or more public agencies by agreement may jointly exercise any power common to the contracting parties, including, but not limited, the authority to levy a fee, assessment, or tax, even though one or more of the contracting agencies may be located outside this State.” (Gov. Code Section 6502)*

2. 8/26/1980 - Riverside’s City Council approved participation in the SCPPA JPA, including the SCPPA Joint Powers Agreement



## SCPPA Formation (cont.)

3. 11/1/1980 – Formed after receiving approvals by all members' governing bodies
4. The SCPPA Joint Power Agreement can only be amended by the unanimous agreement of all SCPPA member agencies, each adopting a resolution approving the amendment
5. A member agency can withdraw from the JPA



## SCPPA Board Overview

1. SCPPA is governed by a twelve-member Board of Directors - one member/utility
2. Joint Exercise of Power Act - JPA has the *option*, but not the requirement, for the JPA governing body to be comprised of elected officials (Gov. Code Section 6508)
3. Per the SCPPA Joint Powers Agreement, SCPPA Board members shall be the *CEOs/GMs* of the member utilities or their designees



## SCPPA Board Overview (cont.)

4. August 26, 1980 - City Council Memo: "Summary of Pertinent Provisions of the Joint Powers Agreement" included:

*'The Authority is administered by a Board of Directors who shall consist of one (1) Director representing each member entity. The Director shall be the Chief Executive Officer of the electric utility of the member or his designee.'*

5. Changing composition of SCPPA Board to elected officials would require amending the SCPPA Joint Powers Agreement



## SCPPA Procurement Policy

1. JPA or SCPPA "is subject to the restrictions upon the manner of exercising the power of **one of the contracting parties (of SCPPA)**, which party shall be designated by the agreement", and SCPPA designated **City of Riverside** as the party in the agreement
2. Therefore, SCPPA is subject to the same **State law** restrictions as Riverside when it comes to procurement
3. **Does not** mean SCPPA is required to follow Riverside's procurement policies
4. SCPPA Board requires competitive procurement for goods, services and construction
5. SCPPA contracts directly with providers or vendors.



## SCPPA Today – 35 Current Projects

### Hydro

Hoover Uprating

MWD

Tieton

### Natural Gas Reserves

Barnett

Pinedale

Prepaid

### Transmission Projects

Mead-Adelanto

Mead-Phoenix

Southern Transmission System

### Geothermal

Don A Campbell I

Don A Campbell II

Ormat Heber 1

Ormat Heber South/Gould 2

Ormesa Geothermal

### Wind

Linden

Milford I

Pebble Springs

Windy Flats

Milford II

### Traditional Projects

Apex

Canyon Power

Magnolia

Palo Verde

San Juan Unit 3

### Landfill Gas

Ameresco Chiquita

LACSD Puente Hills

### Solar

sPower Antelope DSR 1

Dominion Columbia II

Copper Mountain Solar 3

First Solar Kingbird B

Springbok 1

sPower Summer Solar

sPower Antelope DSR 2

Recurrent Astoria II

sPower Antelope Big Sky Ranch

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## Joint Renewable Projects

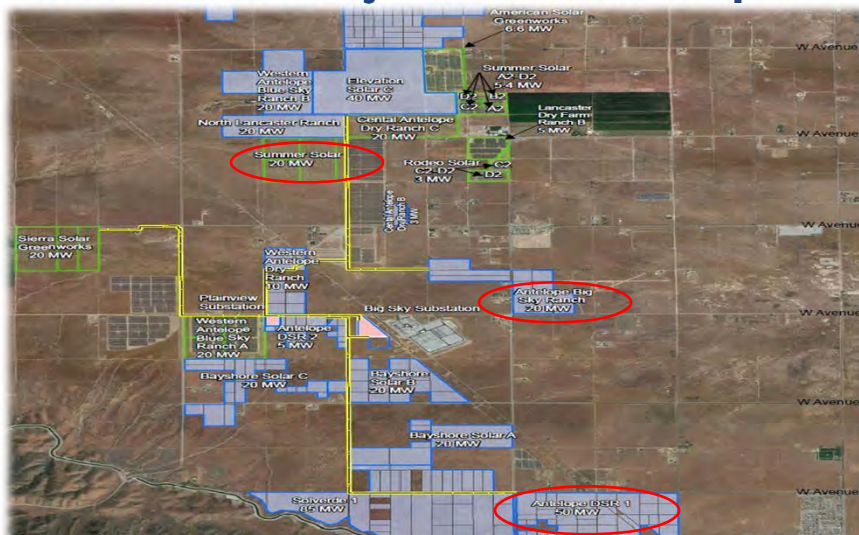
1. Current legislation SB 350 requires 50% of power serving Riverside customers must be from renewable resources by 2030
2. Riverside executed five Power Sales Agreements with SCPPA since 2012 to participate in solar renewable projects which are all online:
  - a) *Dominion Columbia II Solar- 11 megawatts (MW)*
  - b) *First Solar Kingbird B- to 14 MW*
  - c) *sPower Summer Solar – 10 MW*
  - d) *sPower Antelope Big Sky Ranch – 10 MW*
  - e) *sPower Antelope DSR 1- 25 MW*

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## sPower Solar Projects in Antelope Valley



The items in red represent three of RPU's five solar PPAs contracted through SCPPA

## SCPPA Joint Power Projects Rate Payer Benefit

Size (MW <sub>ac</sub> )	COD	Annual Production (MWh/yr)	PPA Term (Years)	\$/MWh Price	Annual Escalation
230	12/31/2016	687,936	20	\$52.00	0%
200	12/31/2016	598,205	20	\$52.17	0%
175	12/31/2016	523,430	20	\$52.32	0%
150	12/31/2016	448,654	20	\$52.46	0%
125	12/31/2016	373,878	20	\$52.61	0%
100	12/31/2016	299,103	20	\$52.75	0%
75	12/31/2016	224,327	20	\$53.00	0%
50	12/31/2016	149,551	20	\$53.75	0%
40	12/31/2016	119,641	20	\$54.25	0%
30	12/31/2016	89,731	20	\$55.00	0%
20	12/31/2016	59,821	20	\$56.75	0%

Joint PPA through SCPPA yielded savings of **\$3/MWh (>5%)**, resulted in total saving of over **\$4,000,000** for Riverside through the 20 year contract!

## RPU Procurement Through SCPPA Joint Power Supply/Transmission

1. City Council approves all new joint power generation, transmission, and renewable projects and associated Power Purchase Agreement (PPA).
2. City Manager or designee will sign the PPA to initiate the project with SCPPA.
3. Ongoing costs associated with these projects are included in the Electric Fund's bi-annual budget which is approved by the Board of Public Utilities and City Council.

## Energy Efficiency (EE) is a Resource

1. SB 1037 requires RPU to look to energy efficiency before investing in new energy resources
2. Due to these requirements, EE has become the lowest cost energy resource that can be procured in RPU service territory.
3. SB 350, passed in 2015, is considered the most significant climate and clean energy legislation since AB 32.
4. In addition to increasing renewable goals, SB 350 requires the state to double statewide energy efficiency savings by 2030.



## RPU EE Programs

1. RPU has focused much of its EE outreach efforts on commercial customers because they account for 60% of our load.
2. SCPPA provides many beneficial Commercial and Residential EE programs where members share the cost to keep costs low.

Number of Programs and Total Budget for RPU's Energy Efficiency (EE) Programs		
	# of Programs	FY 16/17 CC Approved Budget
RPU EE Programs - Direct	54	\$9,763,500
RPU EE Programs through SCPPA	10	\$2,575,000
<b>Total Programs – Direct &amp; SCPPA</b>	<b>64</b>	<b>\$12,338,500</b>



## Current EE Programs Through SCPPA

Program	Service	Date New Program Approved by CC	Original Amount Approved by CC	FY 16/17 Program Budget Approved by CC
Appliance Recycling (ARCA)	Refrigerator/Freezer Recycling Program	3/7/2000	\$150,000	\$45,000
Auto Meter Reading	Load Profiler Program provides access to interval meter data to large energy customers	10/2/2001	\$350,000	\$30,000
Home Energy Analysis	Online Energy Audit Tool for residential customers	8/14/2007	\$100,000	\$25,000
Energy Management Services	Online Energy Audit Tool for commercial customers	8/14/2007	\$100,000	\$25,000
Small Business Direct Install Program (SBDI)	Lighting and HVAC improvements to small businesses	2/7/2012	\$350,000	\$1,500,000
Multifamily & Mobile Home Direct Installation	Energy efficiency direct installations	3/4/2014	\$100,000	\$150,000
Key Account Energy Efficiency Program (KEEP)	Tier 2 facility audits for large commercial customers	3/4/2014	\$100,000	\$100,000
Upstream High Efficiency HVAC Program	Instant HVAC rebates at the distributor level	3/4/2014	\$300,000	\$150,000
LED Buy Down Program	LED customer incentives offered at participating retailers	3/17/2015	\$300,000	\$300,000
Customer Engagement Program	Enhance interaction with customers by providing resources to manage energy usage to encourage efficiency.	12/16/2015	\$250,000	\$250,000
<b>Total</b>				<b>\$2,575,000</b>





## SCPPA Joint EE Programs Rate Payer Benefit

1. Annual savings utilizing SCPPA for these EE programs range between 4%-35% depending on the specific program.
  
2. This amounts to an estimated savings of approximately \$470,000 per year for all RPU energy efficiency programs administered through SCPPA .

## RPU Procurement Through SCPPA Joint EE Programs

1. City Council approves all new EE efficiency programs prior to implementation, including the initial budget.
  
2. Once approved, exercising authority under JPA between City and SCPPA, a SCPPA Task Order is approved by General Manager or designee to accept services from SCPPA.

## RPU Procurement Through SCPPA Subsequent Years EE Program Costs

1. Ongoing annual costs to continue EE programs is included in the Public Benefits Fund Budget, which is approved by Board and City Council.
2. A RPU SCPPA Procurement Request Form is submitted to the RPU CFO to ensure budget availability.
3. A SCPPA Task Order is approved by General Manager to accept services from SCPPA.

## RPU Procurement Through SCPPA Other Member Services

1. SCPPA services such as training, association dues, legislative or regulatory advocacy are included in the Electric Fund's annual budget that is approved by the Board and City Council.
2. A RPU SCPPA Procurement Request Form is submitted to the RPU CFO to ensure proper justification and budget availability.
3. A SCPPA Task Order is approved by the General Manager to accept services from SCPPA.

## Compliance with City Charter

### 1. How has the RPU General Manager been delegated authority to order services through SCPPA?

- a) Sec. 406 - All powers of the City shall be vested in the City Council except as otherwise provided in this Charter.
- b) Entering into the SCPPA JPA and approving that the General Manager shall be the City's voting representative on the SCPPA governing board, the City Council has delegated authority to the General Manager to act on behalf of the City at SCPPA.
- c) One of the SCPPA powers is contracting.
- d) There is nothing in the SCPPA JPA which prohibits SCPPA from obtaining services from third parties on behalf of its member agencies, including energy efficiency services.

## Compliance with City Charter (cont.)

### 2. In ordering such services from SCPPA, does the City Manager's \$50,000 limitation set forth in Resolution Mo. 22576 apply?

- a) Sec. 419 of the Charter requires that the City Council approve all agreements and delegate signature authority for such agreements.
- b) For contracts between the City and a third party, the City Council has adopted Resolution 22576, which delegates authority to the City Manager to execute contracts of \$50,000 or less for goods, services and construction.
- c) However, this applies to agreements between the City and a third party. When the contract is between SCPPA and a third party, Resolution No. 22576 does not apply.

## Compliance with City Charter (cont.)

- 3. Has the City complied with Charter section 1202 in ordering services through SCPPA?**
- a) Sec. 1202. The Board of Public Utilities shall have the power and duty to (b) Authorize, and let public works contracts in compliance with Section 1109, within the limits of the budget of the Department of Public Utilities, any purchase of equipment..... when the amount exceeds \$50,000, and authorize the City Manager, or his designee, to execute contracts or issue purchase orders for the same.
  - b) The City can only order services through SCPPA if the expenditure has been approved by the RPU Board. The City Council has approved programs and also approved budgets for such programs. In ordering services, the City cannot exceed the amounts budgeted for such programs and set forth in the approved budget.
  - c) However, the City Charter does not preclude the City Council from placing limits on how the City procures services such as EE services through SCPPA.

## Summary

1. SCPPA has authority to enter into contracts to provide services for EE, training and other programs.
2. Board and City Council approves all new PPAs for power supply and transmission programs, as well as, EE programs to be offered by RPU either directly or through SCPPA.
3. Board and City Council approve annual budget for all expenditures, including power supply, transmission costs, EE programs and other services provided by SCPPA.

## Summary (cont.)

4. RPU General Manager has Council-approved authority to approve SCPPA task orders within budget approved by the Board and City Council.
5. RPU implemented a formal process to centralize review by the RPU Chief Financial Officer of all requests by division to utilize SCPPA for services.
6. RPU will be increasing the budget details in the presentation to Board and City Council to highlight the projected SCPPA expenditures included in the budget for the upcoming fiscal year.

## Summary (cont.)

7. RPU should provide Bi-annual report on SCPPA expenditures to Board and City Council.
8. The cost savings for SCPPA membership and program participation are significant, estimated at over \$1 million annually.

## Recommendations

That the City Council:

1. Receive information and update on City of Riverside's participation and involvement in Southern California Public Power Authority;
2. Direct staff to provide a detail of proposed Southern California Public Power Authority expenditures included within each object code of the Public Utilities annual budget to the Board of Public Utilities and include in their budget recommendation to City Council; and
3. Direct staff to provide Bi-annual Report to the Board of Public Utilities and City Council on Southern California Public Power Authority expenditures.