



Arts & Innovation

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

Governmental Affairs Committee
September 15, 2016

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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

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

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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

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SCPPA Formation

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

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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

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SCPPA Board Overview

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

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SCPPA Authorities

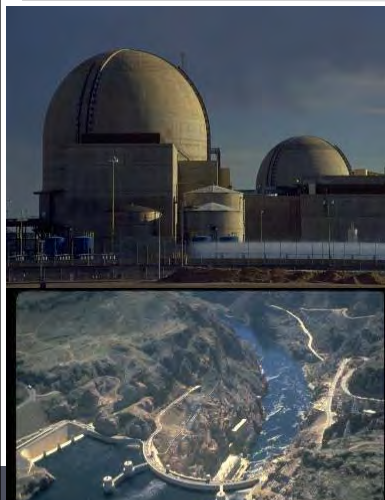
1. To own, operate and manage generation and transmission projects
2. To acquire, hold, lease, sell, and dispose real or personal property
3. To make and enter into contracts
4. To hire employee and consultants
5. To incur debt and liabilities
6. To sue and be sued in its own name
7. To exercise any other power permitted by the Joint Powers Act

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SCPPA – 6 Original Projects



1. Palo Verde (1981) – 12MW
2. Mead-Adelanto (1992) – 118MW
3. Hoover Uprating (1986) – 30MW
4. Southern Transmission System (1983) – 244 MW
5. Mead-Phoenix (1992) – 18MW
6. San Juan (1993)



Riverside participated in five of the original six SCPPA projects

SCPPA Evolution

1. Electric industry restructuring with increasing regulatory oversight:
 - a) *Deregulation and Energy Crisis*
 - b) *Renewable Portfolio Standards*
 - c) *Greenhouse Gas Reduction Targets*
 - d) *Cap & Trade emissions program*
 - e) *The Rise of California Independent System Operator (CAISO)*
 - f) *Potential Energy Storage Mandates*
 - g) *Energy Efficiency Goals*
 - h) *And Many More*
2. SCPPA's value proposition to its member has increased to assist in meeting the regulatory oversight and legislative mandates in various operational functions: resource planning, generation procurement, regulatory and legislative coverage, public benefits, finance and rate design, etc.

<i>SCPPA Today – Working Group List</i>		
Name	Function	No. of Members
Customer Service	Improve customer engagement, establish interactive relationship	33
Key Accounts	Develop business retention tools and expansion strategies	22
Electric Vehicle (EV)	Facilitate transportation electrification	21
Finance Committee	Monitor financial operations and policies	26
Audit	Review financial statements & administer annual audit	10

<i>SCPPA Today – Working Group List</i>		
Name	Function	No. of Members
Generation Group	Share experience on power plant activities	37
Legislative	Evaluate legislative matters at the state and federal levels	55
Natural Gas Reserves	Share knowledge on gas reserves operation and biogas projects	32
Public Benefits	Implement Public Benefits Charge-related programs	32
Rate Design	Develop cost-based rate structures	15
Regulatory	Evaluate regulatory matters at the state & federal levels	44

<i>SCPPA Today – Working Group List</i>		
Name	Function	No. of Members
Greenhouse Gas (GHG)	Discuss air quality and emission-related policy matters	100
Resource Planning	Exchange information and updates on resource planning	69
Energy Storage	Investigate cost-effective energy storage technologies	25
Community Solar	Study feasibility of community solar programs	39
Renewables	Procure renewable resources jointly through SCPPA PPA	63

<i>SCPPA Today – Working Group List</i>		
Name	Function	No. of Members
Transmission Users Group	Share experience on operating transmission systems	37
Risk Management	Exchange updates on risk management policies and guideline	24
Transmission & Distribution Engineering & Operation	Discuss OSHA requirement & review reliability benchmarks	27
Mutual Aid	Foster collaboration during times of emergencies	25
Safety	Share best practices on utility safety	21

Services Procured through SCPPA

1. SCPPA procurement uses economies of scale pricing from the collective buying power of SCPPA members → **significant ratepayer savings**
2. Services are authorized by the SCPPA Board via resolution
3. Participation is optional → members pay for the services they use

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Services Procured through SCPPA

4. RPU has judiciously used this mechanism to procure needed services, including:
 - a) *Specialized training for RPU's staff in preparation for CAISO market changes*
 - b) *Specialized professional services in preparation for industry restructuring*
 - c) *Specialized software to analyze electric market activity*
 - d) *Financial expertise for joint project bond issuances and credit monitoring*
 - e) *Joint legislative and regulatory advocacy, analysis and representation*
 - f) *Legal representation for specific projects or regulatory matters*
 - g) *Implementation of specific energy efficiency and conservation programs*

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Joint Renewable Projects

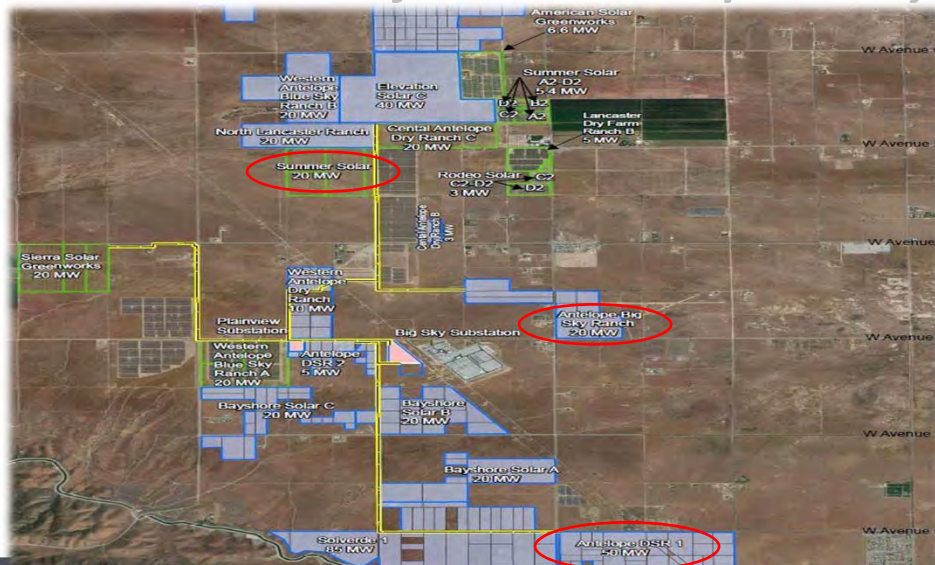
1. Current legislation requires 50% of power serving Riverside customers must be from renewable resources by 2030
2. Riverside executed five Power Sales Agreements with SCPPA since 2012 to participate in solar renewable projects:
 - a) *Columbia II Solar (In operation) – 11 megawatts (MW)*
 - b) *Kingbird B Solar (In operation) – to 14 MW*
 - c) *SPower/Silverado Summer Solar (In operation) – 10 MW*
 - d) *SPower/Silverado Antelope Big Sky Ranch (expected online August 2016) – 10 MW*
 - e) *SPower Antelope DSR 1 (expected online December 2016) – 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 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

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Member Benefits – Examples Economies of Scale (FY 14)

Some Examples of Savings:	RPU Alone	Thru SCPPA	Est. Savings
1. RHA (direct install program)	\$985,483	\$856,942	\$128,541
2. Hanna & Morton	\$329,180	\$41,088	\$288,092
3. AB2514 Energy Storage Model	\$75,000	\$15,000	\$60,000
4. ARCA (refrigerator recycling)	\$160,800	\$128,440	\$32,360
5. GE - LM6000 training	\$5,500/pp	\$500/pp	Varies
6. NERC Training	\$500/pp	\$65/pp	Varies
7. Participation in large solar PPA's savings of \$4-5/MWh			>\$500,000

From few examples listed - **Savings > \$1M/year**
Many more unquantified....



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Size (MW _{ac})	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!

Recommendation

That the GAC Receive and File this Report.



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