

**ATTACHMENT 1:**  
**COMPLIANCE FILING DOCUMENTATION**

November xx, 2016

California Energy Commission  
EPS Compliance  
1516 Ninth Street  
Sacramento, CA 95814-512  
Attention: Compliance Filing

Subject: California Energy Commission Compliance Filing for the Intermountain Power  
Project Repowering Project

Dear Sir or Madam:

The City of Riverside (Riverside) hereby submits the attached Compliance Filing package, seeking California Energy Commission (CEC) approval of the Compliance Filing for the IPP Repowering Project as required by the Senate Bill (SB) 1368. This filing is substantially the same format as the filing by LADWP and other potential California participants. The Intermountain Power Agency (IPA) holds legal title to the Intermountain Power Project (IPP), which includes two 900 MW (net) coal generating units located near Delta, Utah. LADWP is IPA's Project Manager and Operating Agent for IPP. Riverside, along with other municipal and cooperative entities (Purchasers), purchases energy from IPP.

IPA, Riverside and the other Purchasers are now pursuing the IPP Repowering Project, which is scheduled to replace IPP's coal generating units with SB 1368 Emission Performance Standards (EPS) compliant Natural Gas Combined Cycle (NGCC) generating unit. The target date to replace the coal units is July 1, 2025, almost two years ahead of the June 15, 2027 expiration date of the current Power Sales Contracts between IPA and the Purchasers. However, the ability to meet this earlier date is contingent upon several factors, including permitting, material procurement and final concurrence of all 35 participants; therefore, the 2025 commercial operation date may be delayed due to circumstances beyond Riverside and other Purchasers' control.

This project is a critical step towards achieving Riverside's goals of reducing its Greenhouse Gas (GHG) emissions and integrating additional renewable resources into its generation portfolio. This repowering will result in Riverside's complete divestiture of all coal based fuel in its diverse portfolio of generation resources. If this Compliance Filing is not approved by the CEC, the IPP Repowering Project will not proceed, and the existing IPP coal generating units will continue to generate energy until June 15, 2027 (and potentially beyond).

The IPP Repowering Project is uniquely complex because of the number and geographical diversity of the Purchasers and the multiple contracts governing the scope and schedule of the Project. The goal is to build NGCC generating units that can meet the changing demands of utilities in both California and Utah and the changing generation requirements necessary for the successful integration of renewable variable energy resources.

### **Background**

IPA, a political subdivision of the State of Utah, began construction of IPP in October 1981, with commercial operation of Unit 1 commencing in June, 1986 and of Unit 2 in May, 1987. Each Purchaser's share of IPP's generation was established by a Power Sales Contract, as entered into between IPA and the Purchasers. LADWP buys the largest share of IPP's generation. The Purchasers include 23 Utah municipalities, six Rural Electric Cooperatives, and six California municipalities as follows:

#### **UTAH MUNICIPAL PURCHASERS:**

Beaver  
Bountiful  
Enterprise  
Ephraim  
Fairview  
Fillmore  
Heber  
Holden  
Hurricane  
Hyrum  
Kanosh  
Kaysville  
Lehi  
Logan  
Meadow  
Monroe  
Morgan  
Mt. Pleasant  
Murray  
Oak City  
Parowan  
Price  
Spring City

#### **UTAH COOPERATIVE PURCHASERS:**

Bridger Valley REA  
Dixie-Escalante REA  
Flowell Electric Assoc.  
Garkane Power Assoc.  
Moon Lake Elec. Assoc.  
Mt. Wheeler Power, Inc.

#### **CALIFORNIA PURCHASERS:**

Anaheim  
Burbank  
Glendale  
LADWP  
Pasadena  
Riverside

Although the Power Sales Contracts will expire on June 15, 2027, those contracts require IPA to offer the Purchasers the right to continue participating in an IPP repowering beyond that date by entering into the Renewal Power Sales Contracts and the Agreement for Sale of Renewal Excess Power (Renewal Contracts).

After entering into the Renewal Contracts, all California Purchasers, except LADWP, have the right to terminate the contracts or to reduce their Generation Entitlement Share no later than November 1, 2019.

### **Description of the IPP Repowering Project**

Given IPA's obligation to offer the Purchasers a right to participate in the IPP Repowering Project, IPA, Riverside and the other Purchasers are now pursuing entering into the Renewal Contracts, which would allow for energy procurement from the future Project. IPA, with LADWP as Project Manager, is thus undertaking a natural gas repowering, defined in the Second Amendatory Power Sales Contract as the construction and installation of two NGCC power blocks, each with a design capacity of 600 MW.

Based on the generation power blocks currently available on the market, there are three (3) options for this generation output and generation type, as summarized in Attachment A.

Purchasers who choose to enter into the Renewal Contracts must obtain all Regulatory Contract Approvals, defined in the Renewal Power Sales Contracts as "all governmental regulatory approvals, consents and authorizations required or necessary" for the Purchaser to execute, perform under and be bound by the Renewal Power Sales Contract. If any Regulatory Contract Approval is denied, including one by the CEC, the Renewal Power Sales Contract for that Purchaser will be void.

### **Compliance Filing**

Pursuant to 20 CCR § 2900 *et seq.*, of the California Code of Regulations, adopted by the CEC to implement Senate Bill 1368, Riverside hereby submits the attached Compliance Filing. In submitting this filing, Riverside respectfully requests that the CEC determine that the IPP Repowering Project pursuant to the Second Amendatory Power Sales Contract is in compliance with the EPS regulations promulgated by the CEC.

On June 12, 2015, Riverside provided notice to the CEC of its intent to deliberate at its June 16th, 2015 City Council meeting on a covered procurement or the Renewal Contracts, which provide for the procurement of electricity from the IPP Repowering Project until 2077, consistent with 20 CCR § 2908.

On June 16, 2015, Riverside City Council, at a noticed public meeting consistent with the requirements of the Ralph M. Brown Act ("Brown Act" Cal. Govt. Code § 54950 *et seq.*) approved and authorized the execution and delivery of the Second Amendatory Power Sales Contract, and authorized Riverside's participation in the IPP Repowering Project for up to 5% or approximately 60 MW.

On March 16, 2016, the Second Amendatory Power Sales Contract became effective.

The CEC Compliance Filing is shown as Attachment A, and Attachment B is the Attestation required by 20 CCR § 2909.

If the CEC has any questions or requests additional information regarding this coal divestiture and repowering with NGCC units, please contact Riverside Public Utilities, Reiko Kerr at 951-826-5914.

Sincerely,

Reiko A. Kerr  
Assistant General Manager, Resources  
Riverside Public Utilities

Attachments:

- A. Description of IPP Repowering Project
- B. Attestation

## Attachment A

### CALIFORNIA ENERGY COMMISSION EMISSION PERFORMANCE STANDARD COMPLIANCE FILING

#### DESCRIPTION OF IPP REPOWERING PROJECT

**Name of Facility:** Intermountain Power Project

**Location of Facility:** 850 W Brush Wellman Road, Delta Utah 84624

**Proposed Technology/Fuel:** Natural Gas-Fired Combined Cycle Generating Facility

**Planned Commercial Operation Date:** July 1, 2025\*

\* The ability to meet this date is contingent upon several factors, including permitting, material procurement and final concurrence of all participants. The commercial operation date may be delayed due to circumstances beyond Riverside's and other Purchasers' control.

#### **Generation Configuration Options:**

Since the Siemens and the Mitsubishi configurations exceed 600 MW each, they will be derated to 600 MW in order to meet the limitations defined by the project of a total maximum 1200 MW output. Duct firing is required for the GE units in order to reach a rated output of 600 MW at site. Preliminary Rated Capacity and CO<sub>2</sub> emission data were received from each respective vendor for the IPP Repowering Project at site conditions of: 51 °F, 60% RH, and an elevation of 4760 ft.

Prime Mover	2+1 Combined Cycle	2+1 Combined Cycle	2+1 Combined Cycle
Quantity	2	2	2
Manufacturer	GE	Siemens	Mitsubishi
Model	7F.04	SCC6-5000F	M501GAC
Rated Capacity (MW), at IPP Site	600 each, 1200 total, with duct firing	616 each, 1232 total	714 each, 1428 total
Capacity after Derate	Not applicable	600 each, 1200 total	600 each, 1200 total
Fuel Used	Natural Gas	Natural Gas	Natural Gas
EPS Compliant	Yes	Yes	Yes
Expected Operating Profile	See Figure 3	See Figure 3	See Figure 3
Expected energy output (MWh)	See Figure 3	See Figure 3	See Figure 3
Expected fuel use profile	See Figure 4	See Figure 5	See Figure 6
Estimated CO <sub>2</sub> emissions for site conditions, (lbs/MWh)	744, with duct firing	759	768
Estimated CO <sub>2</sub> emissions after derate	Not applicable	761	777

Figure 1 - Generation Configuration Options.

#### **Power Purchase Contract Terms**

**Name of Counter Party:** Intermountain Power Agency (IPA)

**Length of Contract:** 52 years

**Duration:** July 1, 2025 – June 15, 2077

**Product:** Energy (MWh)

**Capacity for Project:** 1200 MW<sup>1</sup>

**Capacity for Participants:** Below in Figure 2, is the current generation entitlement for each Participant of the current Power Sales Contracts. The final percentage share for each Participant for the Renewal Power Sales Contract will be determined based on many factors, including prior participation rates, number of final participants, and available percentages without commitment, among others.

CALIFORNIA PURCHASERS				
PURCHASER	SHARE TO BE DELIVERED	W/ EXCESS ENTITLMENT SHARES (2015-12-18)	SHARE OF 1200 MW	SHARE OF 1200 MW PLUS ENTITLEMENT SHARES
Anaheim	13.225%	13.225%	159	159
Burbank	3.371%	4.167%	40	50
Glendale	1.704%	2.206%	20	26
LADWP	48.617%	66.785%	583	801
Pasadena	4.409%	6.000%	53	72
Riverside	7.617%	7.617%	91	91
GROUP TOTAL	78.943%	100.000%	947	1200
UTAH COOPERATIVE PURCHASERS				
GROUP TOTAL	7.017%	0.000%	84	0
UTAH MUNICIPAL PURCHASERS				
GROUP TOTAL	14.040%	0.000%	168	0
PURCHASER TOTAL	100.000%	100.000%	1200	1200

Figure 2 - Generation Distribution<sup>2</sup>

**Expected Deliverables:** Please refer to Figure 2

**Must Take Provisions:** Please refer to Figure 2

**Dispatch Provisions:** It is assumed that LADWP will continue its responsibilities as the Operating Agent for the repowered IPP units, and will continue to be responsible for the dispatch of the IPP units based on Participant and system demand.

**Unit Contingency:** N/A

<sup>1</sup> The Project size per the Second Amendatory Power Sales Contract is limited to 1200 MW. The Generation Scenarios listed above are based on the available generation sizes from the 3 respective vendors.

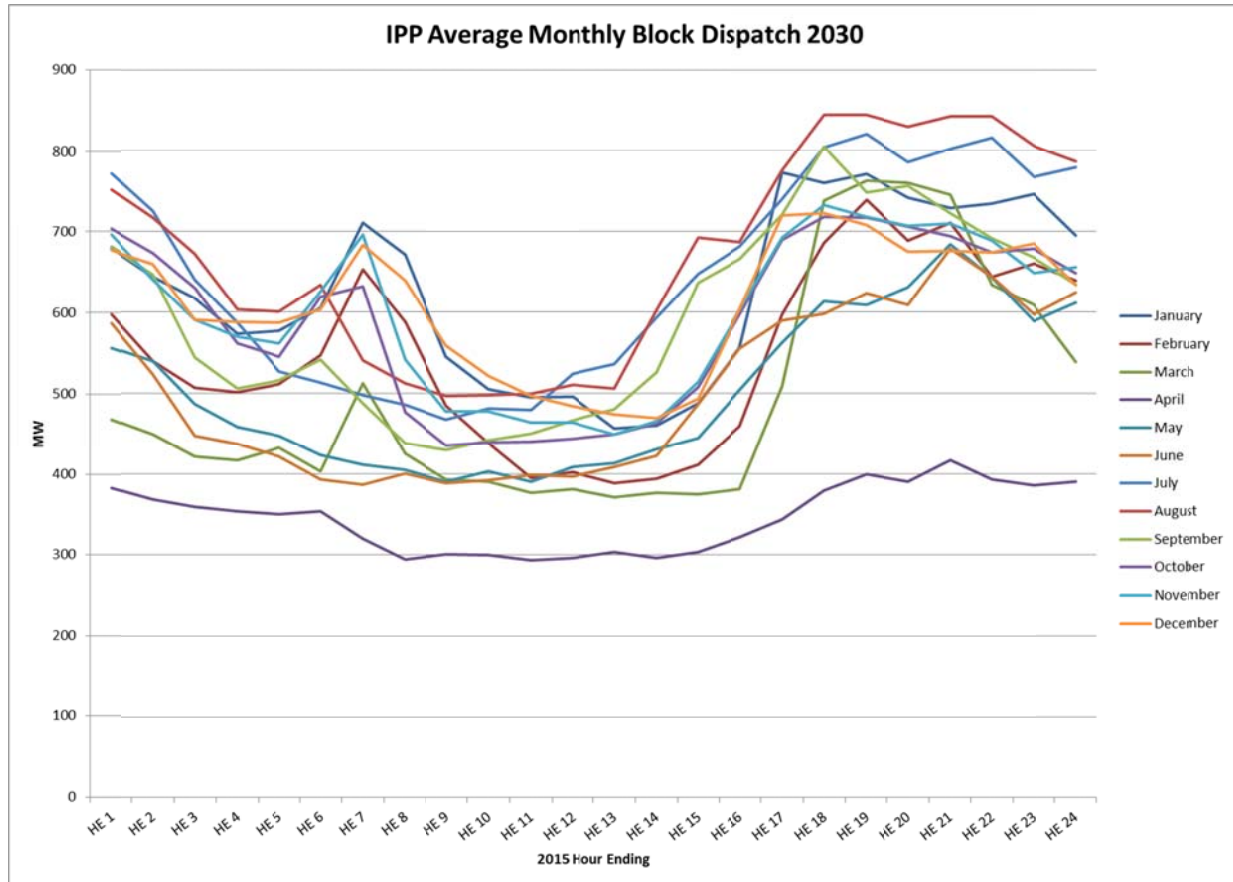
<sup>2</sup> This is based on the assumption that Participant's shares will be equal to its current Generation Entitlement Share in the existing Power Sales Contracts, and Excess Power Sales Contracts; ; however, Riverside's City Council has already set a participation limit of no more than 5% or 60MW in the Repowering Project, and therefore Riverside's future share in the project will be less than the number in this table.

### **Expected Operating Profiles:**

A simulation of the load profile performed by LADWP staff is below in Figure 3 utilizing the GE configuration. The Siemens and Mitsubishi options will follow similar profiles as the heat rates and other characteristics are comparable, with higher plant energy outputs. The load profile was used to derive the average estimated energy output per year as shown below:

Energy Output (MWh): 6,635,768

The average annual capacity factor for all manufacturers is 63%.



**Figure 3 - Average Monthly Block Dispatch**



### **Expected Fuel Use Profile:**

Below is the preliminary fuel use data received from each respective vendor, estimated for the IPP site conditions.

<b>GE - Estimated Combined Cycle Data for IPP Repowering</b>								
All data estimated for site conditions, with duct firing, cooling towers								
<b>2x1 7F.04</b>								
Ambient Temperature	°F	51	51	51	51	51	51	51
Duct Firing		On	On	Off	Off	Off	Off	Off
Load		100%	90%	85%	80%	70%	60%	50%
Net Plant Output	MW	600	540	508	480	420	360	300
Heat Input (LHV)	MMBTU/h	3,669	3,214	2,981	2,828	2,501	2,192	1,908
CO2 Emissions	lbs/MWh	780	759	748	751	759	776	811

**Figure 4 - GE Fuel Use Profile**

<b>Siemens - Estimated Combined Cycle Data for IPP Repowering</b>								
All data estimated for site conditions, no duct firing, cooling towers								
<b>2x1 SCC6-5000F</b>								
Ambient Temperature	°F	51	51	51	51	51	51	51
Load		100%	90%	80%	70%	60%	50%	40%
Net Plant Output	MW	616	563	511	461	411	361	310
Heat Input (LHV)	MMBTU/h	3,619	3,342	3,093	2,864	2,646	2,430	2,203
CO2 Emissions	lbs/MWh	759	767	782	803	832	870	918

**Figure 5 - Siemens Fuel Use Profile (received from vendors without derate)**

<b>Mitsubishi - Estimated Combined Cycle Data for IPP Repowering</b>									
All data estimated for site conditions, no duct firing, cooling towers									
<b>2x 1 M501GAC</b>									
Ambient Temperature	°F	105	105	95	95	47	47	12	12
Load		100%	55%	100%	55%	100%	55%	100%	50%
Net Plant Output	MW	595	351	616	360	714	401	765	427
Heat Input (LHV)	MMBTU/h	3,480	2,276	3,606	2,348	4,150	2,552	4,492	2,716
CO2 Emissions	lbs/MWh	768	850	770	854	764	836	772	834

**Figure 6 - Mitsubishi Fuel Use Profile (received from vendors without derate)**

### Data from Existing Plant – Apex Generating Station

Below in Figure 7 is data extracted from LADWP's Apex Generating Station located in Clark County, Nevada for the calendar year of 2015. The plant consists of a GE MS7000FA 527 MW 2x1 Combined Cycle generating station. The energy output for the plant in 2015 was 2,635,293 MWh, with a resultant capacity factor of 57%.

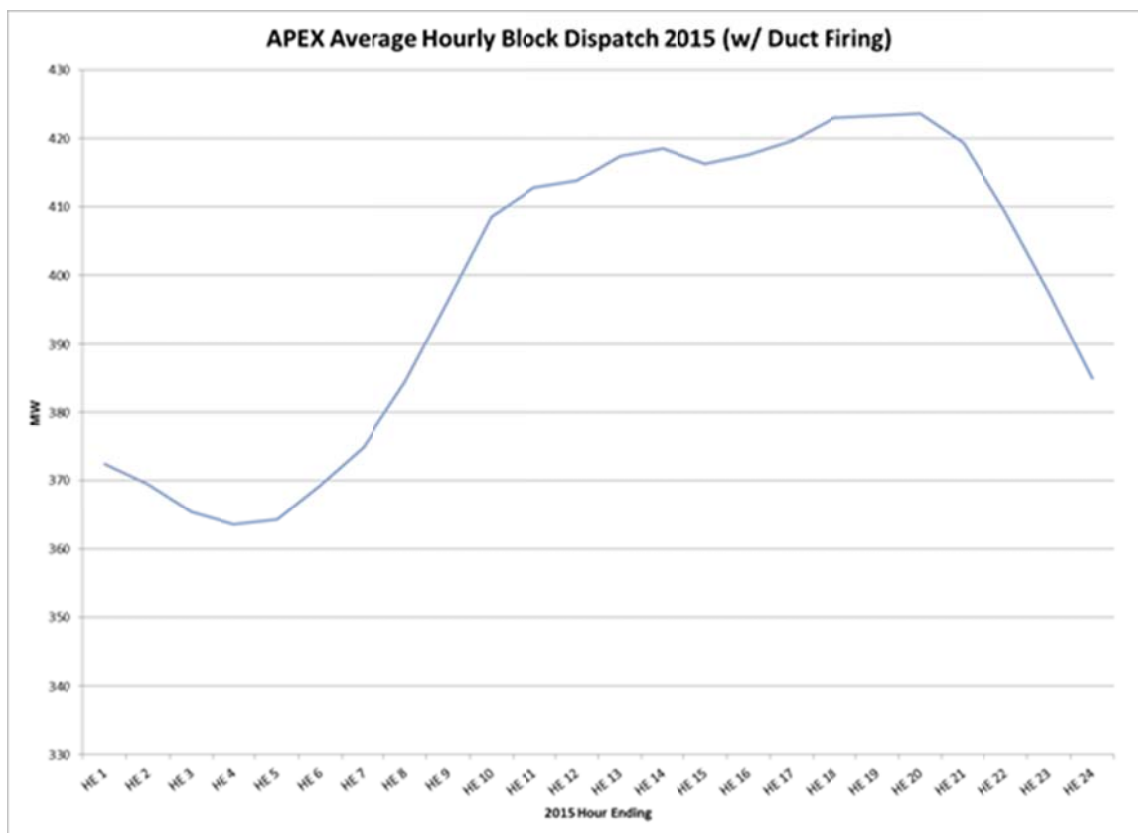


Figure 7 - Apex 2015 Load Profile

Apex - Data									
Load		100%	90%	80%	70%	60%	50%	40%	30%
Net Plant Output	MW	531	478	425	372	319	266	212	192
CO2 Emissions	lbs/MWh	884	835	841	856	886	939	1,031	1,084

Figure 8 - Apex 2015 Fuel Use Profile

ATTACHMENT B

CALIFORNIA ENERGY COMMISSION  
EMISSION PERFORMANCE STANDARD COMPLIANCE FILING  
COMPLIANCE FILING ATTESTATION

I, the official named below, certify under penalty of perjury, the following:

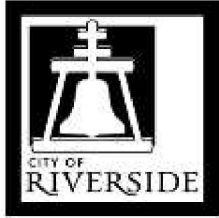
1. I am an agent of the City of Riverside, authorized by its governing board to sign this attestation on its behalf;
2. The City of Riverside has reviewed and approved noticed public meetings for both the covered procurement (on June 15, 2015) and the Compliance Filing (on November 1, 2016) to which this attestation is attached;
3. Based on City of Riverside's knowledge, information, and belief, the Compliance Filing does not contain a material misstatement or omission of fact;
4. Based on City of Riverside's knowledge, information, or belief, the covered procurement complies with Title 20, Division 2, Chapter 11, Article 1 of the California Code of Regulations; and
5. The covered procurement contains the contractual terms or conditions specifying that the contract or commitment shall be void and all energy deliveries shall be terminated no later than the effective date of any CEC decision pursuant to 20 CCR § 2910 that the covered procurement fails to comply with 20 CCR § 2900 *et seq.*

City of Riverside

By: \_\_\_\_\_  
Reiko A. Kerr  
Assistant General Manager, Resources  
Riverside Public Utilities

Dated: \_\_\_\_\_

**ATTACHMENT 2:**  
**CITY COUNCIL AGENDA REPORT ON IPP  
RENEWAL AGREEMENT – JUNE 16, 2016**



*City of Arts & Innovation*

# City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: JUNE 16, 2015

FROM: PUBLIC UTILITIES DEPARTMENT WARDS: ALL

SUBJECT: INTERMOUNTAIN POWER PROJECT RENEWAL AGREEMENTS BETWEEN  
INTERMOUNTAIN POWER AGENCY (IPA) AND THE CITY OF RIVERSIDE  
(RIVERSIDE)

## **ISSUE:**

The issues for City Council consideration are the: 1) approval of the Intermountain Power Project (IPP) renewal agreements between IPA and Riverside; and 2) authorization to participate in the IPP renewal subscription process.

## **RECOMMENDATIONS:**

That the City Council:

1. Find that the approval of these agreements are categorically exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Sections 15302 and 15061(b)(3) of the CEQA Guidelines;
2. Approve the Second Amendatory Power Sales Contract (2APSC) between IPA and Riverside;
3. Authorize the City Manager or his designee to execute the 2APSC under the terms and conditions specified in the 2APSC;
4. Authorize the City Manager or his designee to participate in the IPP Renewal Project (RP) subscription process administered by the IPA for a project participation up to 5% or approximately 60 MW (assuming cost effectiveness in comparison to other similar resources);
5. Authorize the City Manager or his designee to execute the Renewal Power Sales Contract (RPSC) and as applicable, the Renewal Excess Power Sales Agreement (REPSA), throughout the RP subscription process and upon the completion of IPP RP subscription process and report back to the City Council and the Board of Public Utilities the final subscription result of the Renewal Project; and
6. Authorize the City Manager or his designee to execute any documents necessary to administer the 2APSC, the RPSC and the REPSA, collectively the IPP Renewal

Agreements (Renewal Agreements) that are consistent with the policies established by the City Council.

### **COMMITTEE RECOMMENDATION:**

On June 9, 2015, the Utility Services/Land Use/Energy Development Committee, with Chair Mac Arthur, Vice Chair Perry and Member Gardner present, unanimously recommended that the City Council approve the Intermountain Power Project renewal agreements between IPA and Riverside and the authorized participation in the IPP renewal subscription process.

### **BOARD RECOMMENDATION:**

This item was unanimously approved by the Board of Public Utilities at their regularly scheduled meeting on May 15, 2015.

### **BACKGROUND:**

In 1980 Riverside entered into the current IPP Power Sales Contract (PSC) with the Intermountain Power Agency (IPA) for the purchase of baseload coal generated electric power and the associated transmission services from the IPP. IPA is the Utah public entity which owns the IPP. The IPP consists of three project components:

- Two 900 megawatt (MW) coal generating units located in Delta, Utah with a combined 1,800 MW capacity. There are 36 participants in the IPP, six from California (Riverside, Los Angeles, Anaheim, Burbank, Glendale and Pasadena) and thirty from Utah. Riverside's current entitlement share of the IPP generation is 7.617% or approximately 136 MW;
- Southern Transmission System (STS), a 2,400 MW high voltage transmission line from the IPP switchyard to Adelanto, California. STS provides the transmission for California participants' share of IPP generation to Southern California. Riverside's current entitlement share on STS is 10.164% or approximately 244 MW; and
- Northern Transmission System (NTS), a high voltage transmission line extending from Mona, Utah through the IPP switchyard to Gonder, Northern Nevada. Riverside's current entitlement share is 18.2733% through a separate contract with the Los Angeles Department of Water and Power (LADWP). NTS provides the transmission for Utah participants' share of IPP generation to their respective load centers as well as transmission for California participants to access generating resources in central Utah and Northern Nevada. The capability of NTS is seasonally adjusted and Riverside's entitlement share varies between 9 MW to 110 MW depending on the NTS segment and seasonal variation.

To date, IPP generation provides approximately 24% of Riverside's summer peak capacity and up to 40% of Riverside's annual energy requirement. IPP is and will likely remain the single largest power resource in Riverside's power supply portfolio in the foreseeable future. The current IPP PSC will terminate on June 15, 2027.

Pursuant to the current IPP PSC, IPA must offer any renewal of IPP beyond the current term of the agreement to existing participants. However, due to California legislation (Senate Bill (SB) 1368) enacted in 2006, California participants, including Riverside, are prohibited from



renewing participation in IPP beyond the current term if IPP remains a coal-fueled generation resource as this technology exceeds California's Emission Performance Standards (EPS) for base load power plants established under SB 1368.

In the past seven years participants have diligently investigated and considered alternatives that would enable IPP to be renewed beyond its current term. The Renewal Agreements enable the IPP to proceed and potentially continue to provide future economic benefits to our customers. The major features of the Renewal Agreements are as follows:

**A. Second Amendatory Power Sales Contract (2APSC):**

**A.1 – Unanimous Approval Required to Proceed with the RP:**

The IPA's authority to proceed with the RP requires **unanimous** approval of the 2APSC by all 36 current IPP participants. Thirty-one participants have previously approved the 2APSC. Approval of the 2APSC does not obligate any participant in the RP (See Section B below for the subscription and commitment process).

**A.2 – Renewal Project:**

The generation component of the IPP is envisioned to be a natural gas fueled combined cycle plant with two power blocks, each with a design capacity of approximately 600 MW for a total 1,200 MW maximum generating capacity.

The generation technology may be slightly modified to also include renewable and/or energy storage technologies. The participants in the RP will approve such modification(s) by an 80% affirmative vote.

**A.3 – Decommissioning of the Existing Generating Plant:**

The existing coal fueled generating plant will be retired and decommissioned upon commercial operation of the RP. The decommissioning of the existing generating plant is considered a component of the Renewal Project.

**A.4 – Transmission Service Agreements if Renewal Project Does Not Proceed:**

In the event the RP is fully subscribed but does not proceed due to unforeseen circumstances, IPA will offer STS and NTS transmission only agreements to all current IPP participants based on such participants' current STS and NTS entitlement shares. In exchange, the current participants will be responsible for the costs of decommissioning the existing coal plant. Current estimated costs to decommission the plant are \$100 million, of which Riverside's share would be approximately \$7.6 million.

**B. Renewal Power Sales Contract (RPSC):**

**B.1 – Term of RPSC:**

The term of RPSC is for fifty years beyond the current IPP PSC's expiration date of June 15, 2027, to June 15, 2077.

## **B.2 – Renewal Project Subscription Process:**

Within 45 days of the approval of 2APSC, IPA will commence the RP subscription process. This is a three-stage process to ensure the RP is fully subscribed. In the first phase, existing participants may elect up to their current generation entitlement share percentage. In the subsequent phases, the subscribing participants in the first phase may make additional elections to the extent there are unsubscribed entitlement shares.

Each participant's percentage election during the subscription phase(s) are **binding** commitments to participate in the RP (subject to B.5 and C.3 below). At the end of each subscription phase the RPSC will be updated to reflect such binding commitments.

## **B.3 – Anticipated Timeline for Renewal Project Development:**

Upon successful completion of the RP subscription process (see B.2 below), IPA will commence the engineering, design, procurement and relevant project development activities. Project development activities are expected to commence by 2020, with an anticipated RP commercial operation date no later than July 1, 2025.

## **B.4 – STS and NTS Transmission Entitlements:**

The participants in the RP will be entitled to STS and NTS transmission similarly to the existing PSC (i.e., transmission service bundled with the generation).

## **B.5 – Cost Responsibilities:**

The RPSC cost responsibilities are consistent with the existing PSA, and are based on the participants' entitlement shares for each of RP components (generation, STS and NTS);

## **B.6 – Early Exit to the RPSC:**

California participants (except for LADWP) have the right – but not the obligation – to exit completely from the RP by providing a 90-day written notice to IPA prior to November 1, 2019. Under the RPSC, exiting participant(s) will no longer have any prospective cost responsibilities after their exit, including the decommissioning costs.

## **C. Renewal Excess Power Sales Agreement (REPSA):**

### **C.1 – Term of REPSA:**

The term of REPSA is for fifty years beyond the current IPP Power Sales Contract's expiration date of June 15, 2027, to June 15, 2077.

### **C.2 – Utah Participant's Right to Lay off Entitlement Share to California Participants:**

At the completion of RP subscription process, each Utah participant has the right – but not the obligation – to lay off its RP entitlement to electing California participants. California participants (other than LADWP) have the right – but not the obligation – to take such lay off power from Utah participant(s). To the extent a California participant(s) takes a Utah participant's layoff power, the California participant(s) will be financially responsible for the



Utah participant's costs of the layoff power and the associated NTS transmission entitlement. The layoff permits the Utah participants to recall the power lay off under limited circumstances.

### **C.3 - Early Exit to the REPSA:**

California participants (except for LADWP) have the right – but not the obligation – to exit completely from the REPSA by providing a 90-day written notice to IPA prior to November 1, 2019. Under the REPSA, such exiting participant will no longer have any prospective cost responsibilities after the exit (including the decommissioning costs).

### **D. Riverside's Interest in the IPP Renewal Project:**

As previously mentioned, the IPP generation currently constitutes the single largest resource in Riverside's power supply portfolio. Therefore, Riverside must systematically and proactively plan for the replacement of IPP in the foreseeable future. Given the a) high degree of uncertainty associated with the federal and state energy and environmental policies; b) changing customer demand; c) impacts of distributed generation; and d) innovation in energy technologies with significant and anticipated advances in the renewable and energy storage technologies, it is prudent and advisable that Riverside keeps its IPP replacement options flexible at this time.

In our recently concluded integrated resource planning (IRP) process, the option to participate in the IPP RP at reduced MW entitlement may continue to prove to be cost effective and a prudent option to consider. A reduced participation in the RP subscription process of up to 5% (instead of the existing 7.617%), or up to approximately 60 MW (instead of the current 136 MW) is recommended. The reduced participation and the early exit option provide flexibility to consider other power supply options, the cost effectiveness of the project and/or to incorporate new regulatory mandates while providing some certainty in case other power supply options do not materialize as planned.

The recommended reduced participation in the RP is not the final commitment by Riverside. Riverside will continue to have the right – but not the obligation – to exit from the RP and terminate the RPSC and/or REPSA by no later than November 1, 2019, if Riverside determines that the IPP RP is no longer beneficial to its customers.

### **E. Other Ancillary Agreements:**

Related to the Renewal Agreements, Riverside still must negotiate certain transmission service agreements with LADWP primarily for the "last leg" of transmission service needed to deliver its RP power to serve Riverside's customers. In the absence of such transmission service with LADWP, Riverside will be unable to realize the economic value of IPP power.

Recently, Riverside and other similarly situated California IPP participants (Burbank, Glendale and Pasadena) reached an informal understanding with LADWP to commence and conclude the negotiation of such transmission arrangements by no later than November 1, 2018 – one year before the early exit date under the RPSC and REPSA. LADWP's Board of Commissioners has affirmed LADWP's commitment to the aforementioned negotiation process by adopting a resolution to that effect at their April 23, 2015 Board of Commissioners meeting.

Staff will endeavor to diligently pursue and conclude such negotiation in a timely manner.

**F. California Energy Commission (CEC) SB 1368 Public Notice:**

Pursuant to the California Code of Regulations (CCR) Title 20 Section 2908(b)(3), the approval of the Renewal Agreements constitutes a “covered procurement” (defined as a new contract commitment for the procurement of electricity with a term of five years or greater by a local publicly owned electric utility with a baseload generation powerplant). Under the CCR regulations, Riverside is required to provide a public notice at the time of approval by Riverside governing bodies. The form of the required public notice is in Attachment 4. The public notice will be forwarded to the California Energy Commission (CEC) and the interested public on the listserv maintained by CEC concurrent with the posting of the City Council meeting agenda whereby the IPP Renewal Agreements will be considered by the City Council, currently anticipated to take place on June 16, 2015.

**G. CALIFORNIA ENVIRONMENTAL QUALITY ACT:**

In accordance with the California Environmental Quality Act (CEQA), it has been determined that approval of these three agreements (2APSC, RPSC and REPSA) with the IPA is exempt from CEQA for the following reasons:

1. The approval of the agreements is categorically exempt pursuant to CEQA Guidelines Section 15302 as a minor alteration to an existing facility used to provide electric power.
2. The approval of the agreements is categorically exempt pursuant to CEQA Guidelines Section 15302 as a replacement or reconstruction of existing utility systems and/or facilities involving negligible or no expansion of capacity. Repowering pursuant to the Contracts would replace 1,800 megawatts of coal-fired electric generation units with not more than 1,200 megawatts of gas-fired electric generation units (Repowering).
3. The approval of the agreements would not have a significant effect on the environment and is therefore exempt from CEQA under the “common sense exemption” set forth in CEQA Guidelines section 15061(b)(3).
4. No unusual circumstances exist and thus the categorical exemptions are not subject to any applicable exception. IPA’s existing Intermountain Power Project has been in operation since the 1980’s, and Repowering pursuant to the agreements would reduce air emissions compared to baseline conditions. There is nothing unusual about the Contracts or the Repowering.

**H. COMPLIANCE WITH CALIFORNIA RENEWABLES PORTFOLIO STANDARD (RPS):**

In the last three years, the Board of Public Utilities and the City Council have approved contracts for 218 MW of renewable energy. These contracts will result in Riverside’s peak RPS in 2021 of 40% of Riverside’s customer energy needs. Riverside will continue its historic practice of pursuing cost effective renewable resources that meet or exceed California and/or federal regulatory mandates to serve Riverside’s electric customers. Riverside remains on track to meet Governor Brown’s recently announced 50% RPS goal,



as well as the Electric Utility's portion of his April 28, 2015, Executive Order to reduce GHG emissions to 40% of the 1990 emission levels.

**FISCAL IMPACT:**

There is no anticipated fiscal impact related to the IPP RP until the project is fully subscribed, and subsequently engineered, designed, procured and the relevant project development activities are undertaken; this is currently anticipated no sooner than calendar year 2017, although likely later. Costs associated with Riverside's participation in the Repower Project (if applicable) will be included in future power supply budgets.

Prepared by:	Girish Balachandran, Public Utilities General Manager
Certified as to availability of funds:	Brent A. Mason, Finance Director/Treasurer
Approved by:	John A. Russo, City Manager
Approved as to form:	Gary G. Guess, City Attorney

Concurs with:



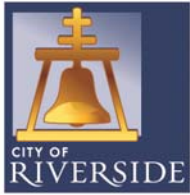
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CHRIS MAC ARTHUR, Chair  
Utility Services/Land Use/Energy  
Development Committee

**Attachments:**

1. Second Amendatory Power Sales Contract between IPA and Riverside
2. Renewal Power Sales Contract between IPA and Riverside
3. Renewal Excess Power Sales Agreement among Utah Purchasers, California Purchasers, and IPA
4. Public Notice of Covered Procurement
5. Minutes from the Board of Public Utilities Meeting – May 15, 2015

**ATTACHMENT 3:**  
**PUBLIC NOTICE**



*City of Arts & Innovation*

Via Email to [EPS@energy.state.ca.us](mailto:EPS@energy.state.ca.us)

October 20, 2016

California Energy Commission EPS-Compliance  
1516 Ninth Street  
Sacramento, CA 95814-512

**Re: SB 1368 Emission Performance Standards – Public Notice of Covered Procurement**

Pursuant to the California Code of Regulations (CCR) Title 20, Section 2908, the City of Riverside, California is providing notice of a public meeting. Riverside's City Council, will deliberate in public on the submission of a Compliance Filing to the California Energy Commission (CEC) with respect to a covered procurement. The referenced covered procurement is the technology proposed for the generators to be used in the Intermountain Power Project (IPP) Repowering. This filing is in substantially the same format as the other California participants in the project, including LADWP as operating agent of the existing and proposed plant.

On June 16, 2015, the Riverside City Council, approved its participation of up to 5% or 60 MW in the Intermountain Repower Project in a separate public meeting that was also properly noticed under the same regulation.

**Name of Governing Authority/Body Meeting:** City of Riverside City Council Meeting

**Date:** Tuesday, November 1, 2016

**Time:** 7:00 PDT

**Location:** Riverside City Council Chambers – 3900 Main Street, Riverside, CA 92522

**Wheelchair accessible:** YES

**Remote Access, Agenda for the Meeting and additional materials concerning the compliance filing documentation can be accessed via the following uniform resource locator:**

<http://www.riversideca.gov/citycouncilvideo/>

**Contact for Public for Further Information:** Ms. Reiko Kerr, Assistant General Manager/Resources- Riverside Public Utilities, (951) 826-5914, [rkerr@riversideca.gov](mailto:rkerr@riversideca.gov).

Sincerely,

Reiko Kerr  
Public Utilities Assistant General Manager/Resources