



City of Arts & Innovation

Utility Services/Land Use/Energy Development Committee

TO: UTILITY SERVICES/LAND USE/ENERGY DEVELOPMENT COMMITTEE MEMBERS **DATE: DECEMBER 10, 2018**

FROM: PUBLIC UTILITIES DEPARTMENT **WARDS: ALL**

SUBJECT: SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY OVERVIEW

ISSUE:

Detailed study of the Southern California Public Power Authority Joint Powers Agreement and current programs.

RECOMMENDATION:

That the Utility Services/Land Use/Energy Development Committee receive and file this report.

BACKGROUND:

On August 14, 2018, the City Council received, reviewed, and provided input on the Southern California Public Power Authority (SCPPA) Financial Transactions Review for Fiscal Years 2014, 2015 and 2016 report. The City Council referred the Transaction Review to the Utility Services/Land Use/Energy Development Committee for a detailed study of the original SCPPA charter and its current programs.

Past presentations on SCPPA to the City Council and Council Committees (as indicated) include:

- June 6, 2018: SCPPA Financial Transactions Review for Fiscal Years 2014, 2015 and 2016 (Governmental Affairs Committee)
- September 12, 2017: SCPPA bi-annual expenditure report for fiscal year 2016-17
- February 21, 2017: Update on the City of Riverside's participation in SCPPA
- September 15, 2016: Participation in SCPPA update (Governmental Affairs Committee)
- February 11, 2015: Presentation on membership in SCPPA for procurement of generation and transmission facilities, services procured through SCPPA to plan for such procurements, and billing practices (Finance Committee)

All of the above presentations and associated documentation are linked on the following webpage:
<https://riversideca.gov/utilities/about-rpu/partnerships-scppa.asp>.

DISCUSSION:

The Finance Committee will be provided with a detailed overview of the SCPA Joint Powers Agreement, subsequent actions by SCPA at the request of its member agencies (including the City of Riverside), and the value SCPA provides City electric ratepayers. This presentation will also address the various ways SCPA meets its member agencies' power resource needs in a changing utility environment, the SCPA procurement process, and the City Council's oversight over all SCPA expenditures.

SCPA was created through the adoption of a Joint Powers Agreement under the California Joint Exercise of Power Act (California Government Code Section 6502) as a Joint Powers Authority. The City of Riverside and nine other public agencies—the cities of Anaheim, Azusa, Banning, Burbank, Colton, Glendale, Los Angeles, and Pasadena, and the Imperial Irrigation District—approved participation in and created SCPA in 1980 through the actions of their governing bodies in approving the SCPA Joint Powers Agreement. Two additional public agencies—the cities of Vernon and Cerritos—joined SCPA under the terms of the Agreement in 1981 and 2001, respectively.

The SCPA Joint Powers Agreement (1980) is attached and will be referenced throughout the presentation. The term of the Agreement is 50 years. Members may withdraw from the Agreement through adoption of a resolution by their governing body and resolution of all remaining financial obligations under the Agreement. The Agreement can only be amended by the unanimous agreement of all SCPA member agencies and has been amended twice (attached):

- Amendment One (1981) updated Section 7 to provide for member contributions upon certain liabilities arising out of the performance of the Joint Powers Agreement; and
- Amendment Two (1983) updated Section 6 to specifically express the power of the Authority to issue refunding bonds.

Under the Joint Powers Agreement, SCPA is empowered to conduct the following activities:

- To plan, develop, own, operate, manage or own capacity right in generation and transmission projects;
- To acquire, hold, lease, sell, and dispose real or personal property;
- To make and enter into contracts for purchase, sale or transmission of electricity, or of any other kind;
- To form committees to manage projects and contracts;
- To hire employees and consultants;
- To incur debt and liabilities, including the issuance of bonds;
- To sue and be sued in its own name; and
- To exercise any other power permitted by the Joint Exercise of Power Act.

SCPA was formed to jointly develop and implement generation and transmission projects. New regulations and industry practices have expanded the scope of what constitutes a generation or transmission project and in response, SCPA now implements renewable generation and energy efficiency projects, energy project planning, legislative and regulatory support, and training and working groups. In the 1990s, SCPA established power procurement procedures to reflect the restructuring of the electric industry, transitioning from building and owning generation and transmission infrastructure to contracting for resources delivered through the statewide grid. In this way, tools were created through SCPA to procure energy resources—in particular

renewable energy and energy efficiency resources—that have become increasingly mandated by the state.

The two attached flow diagrams provide a comprehensive outline of the procurement contract approval process for renewable energy power sales agreements and energy efficiency program task orders. In general, SCPA receives requests from its member agencies to seek various power resource services from private vendors through requests for proposals. SCPA member agencies' subject matter experts review submitted proposals and select proposals of interest to one or more member agencies. SCPA establishes a contractual relationship with the vendors selected by its member agencies, and in turn signs either a power sales agreement or a task order with the interested member agency or agencies. In short, member agencies, including the City of Riverside, control the entire process to form a contractual relationship with private vendors through SCPA.

Finally, all SCPA expenditures are accountable to the City Council. Power resources procured through SCPA are approved first through the power sales agreement or task order, and then annually through either annual task orders or through the biennial budget adoption process. The City Council holds final authority, under the Charter, over these expenditures.

FISCAL IMPACT:

There is no fiscal impact for this item.

Prepared by:	Todd L. Jorgenson, Interim Utilities General Manager
Certified as to availability of funds:	Edward Enriquez, Interim Chief Financial Officer/Treasurer
Approved by:	Al Zelinka, FAICP, City Manager
Approved as to form:	Gary G. Geuss, City Attorney

Attachments:

1. Presentation
2. SCPA Joint Powers Agreement (1980)
3. Amendment One to the SCPA Joint Powers Agreement (1981)
4. Amendment Two to the SCPA Joint Powers Agreement (1983)
5. SCPA Contract Approval Process – Power Purchase Agreements
6. SCPA Contract Approval Process – Program Task Orders