



CHANGE ORDER(s)

AND /OR

LETTER(s) OF EXTENSION

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**CONTRACT CHANGE ORDER NO. 034
DATED AUGUST 15, 2019**

FILED WITH CONTRACT #23336

(COVANTA ENERGY LLC)

OFFICE OF THE CITY MANAGER
CITY OF LONG BEACH
LONG BEACH, CA 90802

Change Order No. 34
Contract No. 23336
Project: SERRF

Date: August 15, 2019
Contractor: Covanta Energy, LLC

Program No.: GOELAD
Prior Change Orders: See Attachment 1.

This Change Order:
See Estimated Revenue of Change Order
\$1,000,000 - \$1,500,000 Per Year

**RESOURCE ADEQUACY COORDINATOR
FOR SERRF RESOURCE ADEQUACY (RA) CAPACITY
SCHEDULING SERVICES**

BACKGROUND

This Contract Change Order is issued in accordance with provisions set forth in the subject Contract with reference to the following facts:

1. Section 4.3 of the Contract to operate provides for adjustment by change order under circumstances described therein, including without limitation, those addressed in this Change Order.
2. The Power Purchase Agreement between SERRF and SCE with a Firm operation date of December 8th, 1988 expired on December 8, 2018.
3. The Operator Covanta will arrange for scheduling SERRF's RA Capacity with a third party for the City of Long Beach.
4. Covanta will prepare and coordinate all necessary service orders with the scheduling coordinator and submit appropriate paperwork associated with all scheduling coordinator services in accordance with the scope of the change order.

SCOPE OF THE CHANGE ORDER

The change order is intended to cover all the costs and revenues related to the following terms regarding the sale/purchase of the RA product of the SERRF unit under the terms and conditions set forth below.

Capitalized terms used but not otherwise defined in this Confirmation have the meanings ascribed to them in the Tariff or in the CPUC Decisions (each as defined herein).

Seller: Party B (City)

Buyer: Party A (CEM)

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Product: Any and all Product generated by or attributable to the Unit identified below during the Delivery Period:

Unit:	Facility Site:
Long Beach	The City's energy from waste facility located in Long Beach, CA

- Transmission Contingency (If not marked, no transmission contingency)
 - FT-Contract Path Contingency Seller Buyer
 - FT-Delivery Point Contingency Seller Buyer
 - Transmission Contingent Seller Buyer
 - Other transmission contingency
- (Specify: _____)

Delivery Point: The Node(s) in CAISO that represent the Unit(s) delivery point(s) into the CAISO transmission system.

Contract Price: 75% of the actual revenue, net of direct fees, costs, charges and penalties ("Net Revenue"), received by Party A in any and all transactions to re-sell the Product to third parties. The parties shall share, 75% to the City and 25% to CEM, such revenue, fees, costs, charges and penalties.

Delivery Period: Commencing Hour Ending ("HE") 100 Pacific Prevailing Time on the Confirmation Effective Date, and ending on HE 2400 Pacific Prevailing Time on June 30, 2021.

CEM Marketing Obligation: CEM shall use all commercially reasonable efforts to market and re-sell to third parties as much of the Product as is commercially reasonable, considering damage exposure for over committing and under delivering Product, as reasonably and jointly determined by CEM and the City in advance of such re-sale of Product to third parties. CEM does not guarantee the re-sale of any minimum quantity of Product nor any minimum price to be received. CEM shall not be required to contact the City to obtain approval to transact with a third party at any particular price. Nothing in this Confirmation is intended to create or give rise to any fiduciary relationship and neither party is acting as a fiduciary for or an advisor to the other party in respect of this Confirmation. Each party shall reasonably cooperate with, and provide further assurances reasonably requested by, the other party to achieve and confirm the transaction contemplated by this Confirmation.

Payment: By the tenth (10th) day of each calendar month, CEM will pay to the City the applicable Net Revenue received from third parties during the prior calendar month. If direct fees, costs,

charges and penalties related to revenue received in any calendar month are not assessed in the same calendar month, or are corrected or adjusted by any Governmental Authority in any subsequent calendar month, then the calculation of Net Revenue shall include a deduction of such direct fees, costs, charges and penalties only in the calendar month next succeeding the calendar month when so assessed, corrected or adjusted. This paragraph shall survive the expiration or termination of this Confirmation.

Confidentiality: The parties to this Confirmation shall keep its terms confidential; provided, however, each party shall be entitled to disclose the terms and conditions of this Confirmation as required for the performance of its obligations hereunder or to the extent required by any regulatory authority, Independent Market Monitor, or CAISO.

Governing Law: This Confirmation shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflicts of laws rules thereof.

Definitions: “CAISO” means the California Independent System Operator Corporation or any successor entity performing the same functions.

“CAISO Control Area” has the meaning set forth in the CAISO Tariff.

“CAISO Tariff” means the California Independent System Operator Corporation Tariff, Business Practice Manuals (BPMs), Operating Agreements, and Operating Procedures, including the rules, protocols, procedures and standards attached thereto, as the same may be amended or modified from time to time and approved by FERC, if applicable.

“Capacity Attributes” means, with respect to a Unit, any and all of the following, in each case which are attributed to or associated with the Unit at any time throughout the Delivery Period:

- a) resource adequacy attributes, as may be identified from time to time by the CPUC, CAISO, or other Governmental Authority having jurisdiction, that can be counted toward RAR;
- b) resource adequacy attributes or other locational attributes for the Unit related to a Local Capacity Area, as may be identified from time to time by the CPUC, CAISO or other Governmental Authority having jurisdiction, associated with the physical location or point of electrical interconnection of the Unit within the CAISO Control Area, that can be counted toward a Local RAR; and
- c) other current or future defined characteristics, certificates, tags, credits, or accounting constructs, howsoever entitled, including any accounting construct counted toward any Compliance Obligations.

“Compliance Obligations” means the RAR and Local RAR.

“CPUC” means the California Public Utilities Commission.

“CPUC Decisions” means CPUC Decisions 04-01-050, 04-10-035, 05-10-042, 06-04-040, 06-06-064, 06-07-031, 07-06-029, 08-06-031, 09-06-028, 10-06-036, 11-06-022, 12-06-025, 13-06-024, 14-06-050, and any other existing or subsequent decisions, resolutions, or rulings

related to resource adequacy, including, without limitation, the CPUC Filing Guide, in each case as may be amended from time to time by the CPUC.

“CPUC Filing Guide” is the document issued annually by the CPUC which sets forth the guidelines, requirements and instructions for load serving entities to demonstrate compliance with the CPUC’s resource adequacy program.

“Governmental Authority” means any: (a) federal, state, local, municipal or other government; (b) governmental, regulatory or administrative agency, commission or other authority lawfully exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power, including without limitation, CAISO; and (c) court or governmental tribunal.

“Local Capacity Area” has the meaning set forth in the CAISO Tariff.

“Local RAR” means the local resource adequacy requirements established for load serving entities by the CPUC pursuant to the CPUC Decisions, the CAISO pursuant to the CAISO Tariff, or by any other Governmental Authority having jurisdiction. Local RAR may also be known as local area reliability, local resource adequacy, local resource adequacy procurement requirements, or local capacity requirement in other regulatory proceedings or legislative actions.

“Product” means the Capacity Attributes of the Unit, provided that:

- (a) Product does not include any right to the energy or ancillary services from the Unit; and
- (b) the Parties agree that, under this Confirmation, if the CAISO, CPUC or other Governmental Authority defines new or re-defines existing Local Capacity Areas whereby the Unit subsequently qualifies for a Local Capacity Area, the Product shall include all Capacity Attributes related to such Local Capacity Area.

“RAR” means the resource adequacy requirements established for load serving entities by the CPUC pursuant to the CPUC Decisions, the CAISO pursuant to the CAISO Tariff, or by any other Governmental Authority having jurisdiction.

“Unit” has the meaning specified above in this Confirmation, from which Product is provided by Seller to Buyer.

SCHEDULE

The above-mentioned work will be in place for the Delivery Period, with mutual options to extend beyond the Delivery Period upon written agreement of both parties.


ESTIMATED REVENUE AND COST OF CHANGE ORDER


The cost for the above-mentioned scope has been estimated as follows:

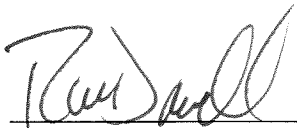
- The total estimated net revenue of the change order is between \$1,000,000 and \$1,500,000 per year with the City’s portion equaling 75% and the CEM’s portion equaling 25%.


NO OTHER CHANGES

- 1. Except as specifically enumerated above, all other terms and provisions of the subject contract shall remain unchanged. The execution and delivery of this Change Order by the Contractor and the City shall not in any manner prejudice the rights which the Owner, the City or the Contractor may have to pursue any other claims which such party may have against the other, other than those claims which are the subject of the Change Order

 9/12/19
 Charles R. Tripp Date
 Electric Generation Bureau
 Manager

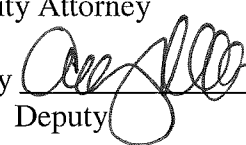
 Sept 3/19
 Derek Veenhof Date
 Executive Vice President

 9/12/19
 Robert Dowell Date
 Director Long Beach
 Gas & Oil Department

 9/19/19
 Patrick West Date
 City Manager

Tom Modica
Assistant City Manager
EXECUTED PURSUANT
TO SECTION 301 OF
THE CITY CHARTER

Approved as to form this 10th day of September, 2019

 City Attorney
 By  _____
 Deputy

- Distribution:
 Original - City Clerk
 City Auditor
 City Attorney
 Manager, Electric Generation Bureau
 Financial Management, Accounting
 Financial Management, Payments
 General Manager, SERRF Authority
 Plant Manager, Covanta Long Beach
 Business manager Covanta Long Beach

ATTACHMENT 1

Prior Change Orders:

1) Capital Improvement & Cement Transfer Screw Conveyor	\$500,000	Flyash Treatment Transfer Conveyor Installation.
2) Capital Improvement	\$ 86,000	Landscaping-Variou Areas Dust control
3) Capital Improvement	\$ 29,000	Landscaping-Cooling Tower Area Dust control
4) Capital Improvement	\$409,399	3 rd Pass Boiler Flyash Removal System
5) Pass-thru (spare parts)	\$108,816	Inventory Increase-Spare Motors
6) (a) Capital Improvement Construction	\$179,375	Refuse Driver's Restroom
(b) Base Operating Fee Maintenance of Refuse driver's	\$ 43,305	Annual Costs in June 1993 Dollars Restroom
7) (a) Capital Improvement	\$120,779	MACT Compliance
(b) Operations & Maint. Risk Assessment.	\$ 35,650	One time costs-Title V & Health
(c) Base Operating Fee	\$ 97,548	Additional Operations Costs (in 1993 dollars) Per Year
8) Capital Improvement	\$ 63,200	Underground Diesel Storage Tank Modification
9) Capital Improvement	\$264,833	MSW Drying Gas Burner Installation
10) Capital Improvement	\$261,708	Steam Blowing System and Service Platform Installation
11) (a) Capital Improvement	\$442,747	MSW Drying Gas Burners Installation
(b) Spare Parts	\$ 22,458	MSW Spare Parts for Gas Burners
12) Capital Improvement	\$303,480	Installation of NOx Reduction System with Minimal Ammonia Slip
13) Capital Improvement	\$104,500	Build and Maintain a Training Room

14) Capital Improvement	\$425,150	Install Photovoltaic System
15) Capital Improvement	\$ 28,875	Install Crane Deck Restroom
16) Capital Improvement	\$108,649	Upgrade COMS
17) Capital Improvement	\$190,596	Security Cameras
18) Capital Improvement	\$281,630	PV Demo Project Modification
19) Capital Improvement	\$255,596	Performance Improvement Work – Group 1 Design
20) Capital Improvement	\$153,891	Performance Improvement Work – Group 1 Implementation
21) Capital Improvement	\$556,292	Fueltech Demonstration Test – Urea System
22) Change of Law	\$ 47,225	AB 32 Implementation & Climate Exchange Registry
23) Change of Law	\$ 41,344	New SCAQMD CEMS for SERRF (NO2 Channel and NO2 Calibration)
24) Capital Improvement	\$190,250	Training Building Upgrade
25) Capital Improvement Change of Law	\$991,507	Reduction of Mercury Emission in Refuse-Burning Power Plant – (Carbon Injection System)
26) Capital Improvement	\$ 15,000	Engineering for a potential Ferrous and Non Ferrous Metal recovery System
27) Capital Improvement	\$ 58,436	Fire Protection Upgrades Required Due to New Fire Protection Codes on Elevator Refurbishing
28) Insurance by Contractor	\$1,372,525	Purchase of property insurance provided
29) Capital Improvement	\$ 550,000	Covers actual costs for the purchase of powder activated carbon, parts, and outside labor related expenses
30) Insurance by Contractor	\$1,296,900	Purchase of property insurance provided

31) CAISO (QF) Conversion	\$140,070	Install and prep for CAISO / QF
32) Bottom Ash		(Terminated)
33) Scheduling Coordinator	\$449,220	Covers Costs related to the scheduling coordinators requirements and associated service orders.