

November 13, 2018

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute an extension of up to 60 days to the current SCE/SERRF Power Purchase Agreement. (Citywide)

DISCUSSION

On November 6, 1984, the City of Long Beach (City) and Southern California Edison (SCE) entered into an agreement for the purchase of power generated at the Southeast Resource Recovery Facility (SERRF). The term of this Power Purchase Agreement (PPA) is for 30 years from the start of commercial operation of SERRF, which took place in December 1988. The PPA is scheduled to end in December 2018. On August 14, 2018, the City Council approved a Generator Interconnection Agreement with SCE and the California Independent System Operator (CAISO) to sell power after the expiration of the original PPA. Prior to executing this agreement, SCE is required to complete a review of electrical facilities it maintains at SERRF. This review is required to ensure all facilities are up to date and safe to continue to operate.

On October 2, 2018, SCE informed the City that it would be impossible to complete this review prior to the expiration of the current PPA. SCE requested that the City extend the current PPA so that the City can continue to be compensated for power sold and purchased by SCE while the review is completed. Without an extension, the City would receive no compensation for power produced at SERRF after December 2018. For this reason, staff is recommending a 60-day extension to the PPA.

This matter was reviewed by Deputy City Attorney Amy R. Webber on October 5, 2018 and by Revenue Management Officer Geraldine Alejo on October 24, 2018.

TIMING CONSIDERATIONS

City Council action is requested on November 13, 2018, to ensure uninterrupted power sales for power generated at SERRF.

FISCAL IMPACT

An extension to the PPA will allow the City to continue to sell power produced at the SERRF plant while SCE completes its review of their electrical facilities at SERRF. By extending the PPA, there is no anticipated change to power sales revenue and related expenditures. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted.



ROBERT DOWELL
DIRECTOR OF ENERGY RESOURCES

RD:CRT:TC

APPROVED:



PATRICK H. WEST
CITY MANAGER