



Agenda Report

19-180

Agenda Date: 4/23/2019

REPORT TO COUNCIL

SUBJECT

Action on a Letter of Agreement 19-SNR-02196 with Western Area Power Administration for Compensation to Silicon Valley Power for the Financial Impact Incurred During the Curtailment Period on July 27, 2018 due to the Carr Fire

BACKGROUND

On October 24, 2000, Council approved the Western Area Power Administration (WAPA) Base Resource Contract 00-SNR-00352 (dated December 14, 2000), to allow Silicon Valley Power (SVP) to purchase a percentage of WAPA Base Resource power (which includes energy, capacity, ancillary services reserves, and environmental attributes), under the 2004 Power Marketing Plan. WAPA is a non-profit agency of the United States Department of Energy. The City purchases hydroelectric Base Resource power from WAPA, which is generated at federally owned facilities that are part of the Central Valley Project and Washoe Project. The rate for the power generated from the facilities is based on SVP's fixed entitlement percentage of the Base Resource revenue requirement and the actual output of the facilities within the operating year.

DISCUSSION

The Carr Fire in Northern California severely impacted WAPA's transmission infrastructure and WAPA's ability to provide Base Resource power to its customers beginning on July 27, 2018.

On July 27, 2018, due to the Carr Fire's impact on transmission lines, WAPA needed to selectively curtail resource delivery to customers. Northern California Power Agency (NCPA) is a joint powers agency, of which SVP is a member. NCPA is SVP's scheduling coordinator for wholly owned generation and joint power facilities that operate within the Load Following Metered Sub-System (a geographically contiguous system that has been operating as an electric utility within the ISO balancing authority. The metered subsystem balances its own loads and resources within its territory).

WAPA contacted NCPA with a request to curtail all NCPA members' share of Base Resource power. With the approval of SVP and all other members, NCPA agreed to curtail its members' share of Base Resource power. Curtailing SVP and NCPA members' schedules allowed WAPA to reliably operate their system and to make Base Resource power deliveries to other customers. The Carr Fire's growth ultimately forced WAPA to cease deliveries of power to all customers on July 28, 2018.

As stated in the attached Letter of Agreement 19-SNR-02196 (Attachment 1), WAPA appreciates SVP's assistance and has sought to ensure SVP is properly compensated for the loss of revenue SVP would otherwise have received from the CAISO on July 27, 2018.

Staff recommends entering into the Letter of Agreement with WAPA to allow SVP to be properly compensated in the amount of \$91,618 for the loss of revenue SVP would otherwise have received

from the CAISO for the 4 hours of requested curtailments on July 27, 2018, and resolve and release all present and future claims related to curtailment of SVP's Base Resource power during the Carr Fire.

ENVIRONMENTAL REVIEW

This action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

FISCAL IMPACT

The financial impact to SVP as a result of the curtailment of Base Resource power on July 27, 2018, was \$91,618. No later than 45 days after the execution of the Letter of Agreement 19-SNR-02196, WAPA will provide a credit in the amount of \$91,618 on SVP's monthly power bill.

COORDINATION

This report has been coordinated with the Finance Department and City Attorney's office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

Approve and authorize the City Manager to execute a Letter of Agreement 19-SNR-02196 with Western Area Power Administration to compensate SVP for the financial impact incurred by SVP as a result of the curtailment of Base Resource on July 27, 2018.

Reviewed by: Manuel Pineda, Interim Chief Electric Utility Officer

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Letter of Agreement 19-SNR-02196