

# Engineering & Operations Committee Item # 6a

- Subject: Update on Energy Management Program & Policies
- Purpose: Update on activities that have occurred over the past three months to address Board comments on proposed Energy Management Policies.

# Update on Energy Management Program & Policies

Engineering & Operations  
Item 6a  
July 12, 2010

# Energy Management Background

## ● Goals

- Cost Control
- Energy Independence
- Carbon Reduction

## ● Overriding Energy Principles

- Reliability
- Economics
- Compliance/Regulation
- Stewardship

# Energy Management Background

- 2007 Board Retreat
- 2008 Legislative Principles
- 2008/09 Strategic Power Plan
- 2009/10 Energy Management Program
  - January 2010 Board Report & Board Workshop
  - March 2010 Proposed Energy Management Policies
  - June 2010 Meeting with Power-Utility Member Agencies
  - July 2010 Oral Report on Energy Management
  - August 2010 Adopt Revised Energy Management Policies

# Review of Energy Program - Power-utility member agencies

- March 2010 Board meeting
  - Commitment to meet with power-utility agencies
- Meeting invitees June 1, 2010
  - Cities of Burbank, Glendale, and Pasadena
  - Los Angeles Department of Water and Power
  - Anaheim Public Utilities
  - Riverside Public Utilities
  - Cities of Azusa and Colton

# Review of Energy Program - Power-utility member agencies

## Overall Comments

- Energy Program properly addresses energy risks
- Energy Program provides comprehensive strategy
- Energy Program supported by power-utility agencies

## Suggestions

- Establish a Water/Energy Nexus Policy
- Develop high-level partnerships for energy reliability and cost containment
- Leverage Metropolitan's energy assets and land holdings in order to provide energy reliability and cost containment



# Proposed Energy Management Policies

## Unchanged Policies from March 2010

- **Regulatory:** Track federal and state greenhouse gas regulations and develop strategies to hedge against price and regulatory risks towards Metropolitan.
- **Contracts:** Maintain maximum flexibility on existing and future contracts with Hoover and other energy contracts to hedge against cost and regulatory risks.
- **Projects/Partnerships:** Pursue cost-effective and responsible renewable energy projects and partnerships to hedge against energy price increases, regulatory risks, and reduce Metropolitan's carbon footprint.

# Proposed Energy Management Policies

## Unchanged Policies from March 2010

- **Revenue Stream:** Pursue revenue stream opportunities from renewable energy facility development on Metropolitan's lands to assist in cost containment.
- **Energy Management Updates:** Return to the Board on a regular basis to report on progress on the Energy Management Master Plan and the suitability of these policies, in light of changing regulatory and economic conditions.



# Proposed Energy Management Policies

## Adapted & Revised Policies

- **Water/Energy Nexus:** Identify collaborative programs and initiatives between the water and energy industries, constructing sustainable partnerships to reduce costs and provide enhanced reliability.
- **Legislation:** Pursue legislation to protect or enhance reliability of energy supply and mitigate energy cost risk.
- **Economic & Environmental Stewardship:** Based on projected economic and regulatory conditions, develop cost-effective programs, projects and initiatives to control operational costs and move Metropolitan towards energy independence.

# Energy Management Program Proposed Schedule / Next Steps

Oral Report on  
Energy Management Policies      July 2010

Adopt Energy  
Management Policies      August 2010

