



Amendment to the Power Sale Agreement with the Southern CA Public Power Authority

Engineering & Operations Committee

Item 8-5

November 7, 2016

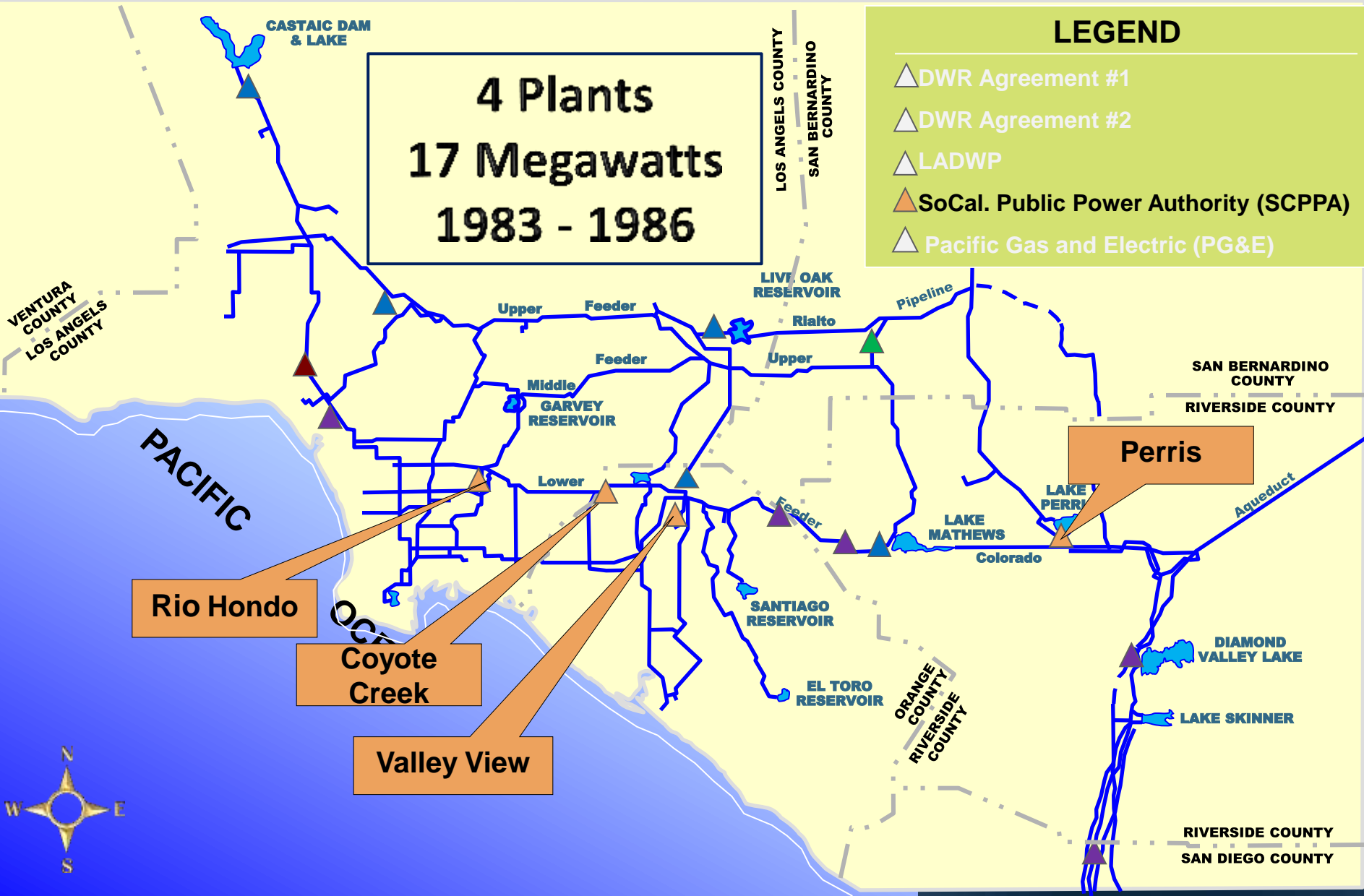
Current Action

- Adopt CEQA determination
- Authorize amendment of the Power Purchase and Sale Agreement between MWD and the Southern California Public Power Authority (SCPPA)

Metropolitan Hydroelectric Power Plants



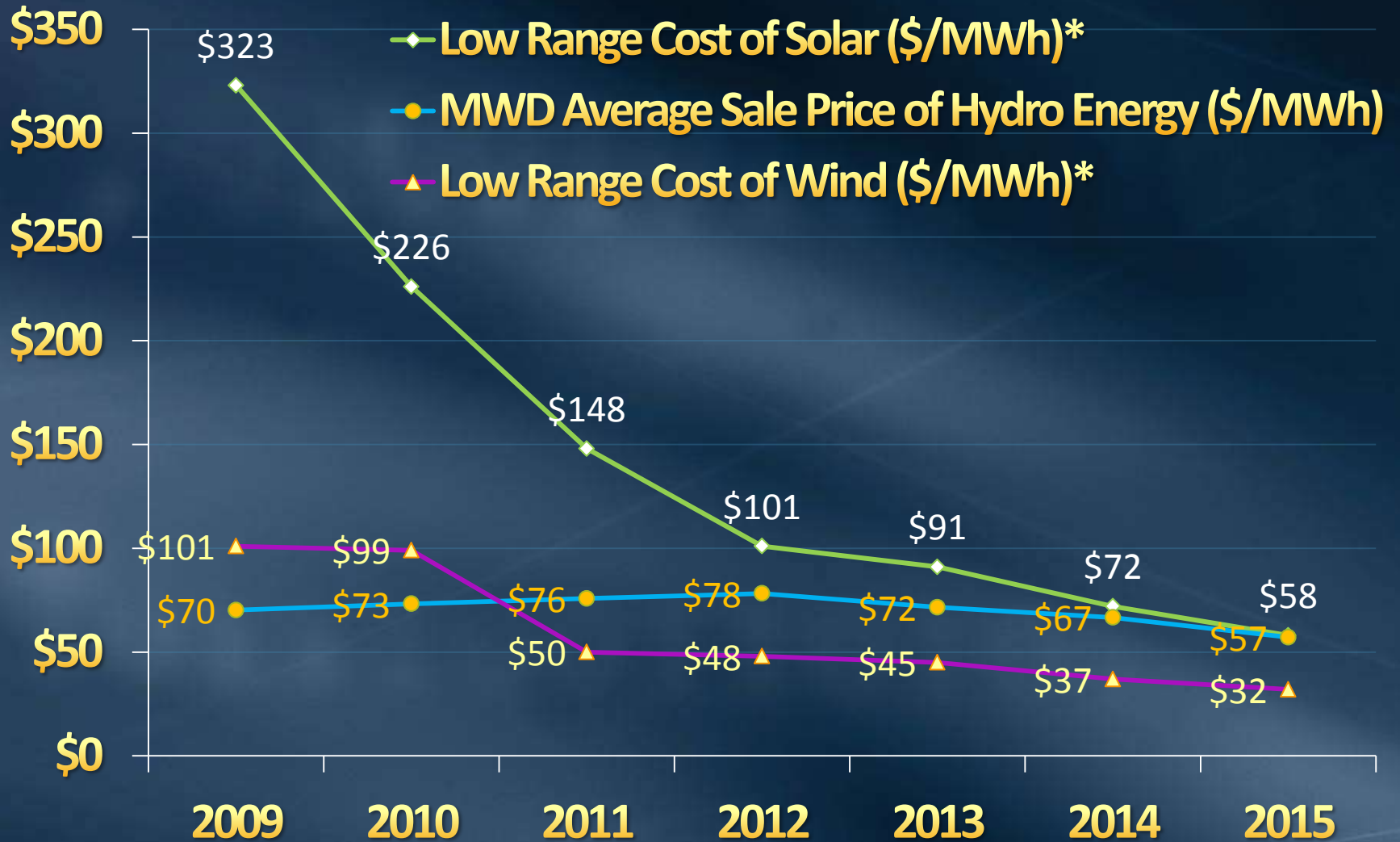
Metropolitan Hydroelectric Power Plants



Current Agreement

- Negotiated in 2008, when electric utilities under state and local requirements to increase “renewable” energy in resource portfolios
- SCPPA entered into renewable power contract with MWD on behalf of its members
- Agreement provisions
 - \$94.83/megawatt-hour
 - Price set by CPUC determination of “reasonable”
 - Duration 15 years, two months (December 31, 2023)
 - Earlier termination allowed with two year notice
 - Minimum term of five years
- May 2016 notification by SCPPA

Price of Renewable Energy - Trends



*Source: Lazard's Unsubsidized Levelized Cost of Energy Analysis – Version 9.0

Negotiations

- Both Parties agreed to look for mutually beneficial amendment in lieu of termination
- Several months of negotiations resulted in the following agreed to changes:
 - Maintain price of \$94.83 MWh through June 30, 2017
 - July 1, 2017 price adjusted to \$54.71/MWh for remainder of contract
 - Eliminate at-will early termination provision
 - All other terms and conditions remain

Market Conditions

- Increasing supply of renewable energy
- Improvements driving down equipment cost
- Reduced risk to facility developers
- Buyers adding incrementally to portfolio
- Low prices for traditionally generated electricity

Benefits to Metropolitan

- Fixed price contract through 2023
- No early termination by buyer
- Possible return to historic generation amounts before initiating a new marketing effort
- Remaining terms and conditions beneficial



Coyote Creek HEP

Board Options

Option #1

- Adopt CEQA determination that proposed action is categorically exempt
- Authorize amending the Power Purchase and Sale Agreement between SCPPA and MWD as described

Option #2

- Do not authorize the amendment and instruct staff to continue negotiations with SCPPA or issue a Request for Offers

Staff Recommendation

- Option #1

