



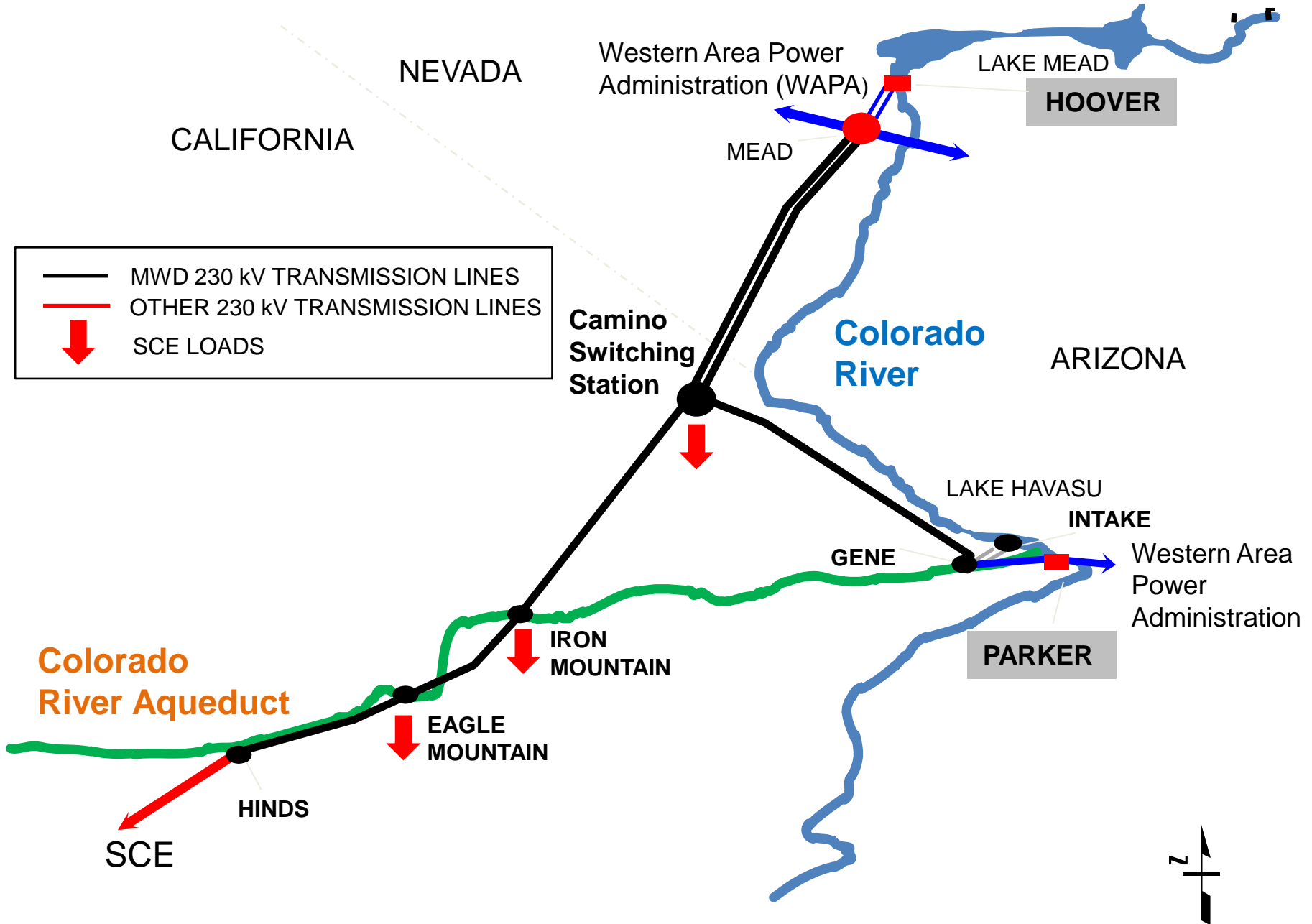
Authorize increase for Western Energy & Water contract

Legal and Claims Committee

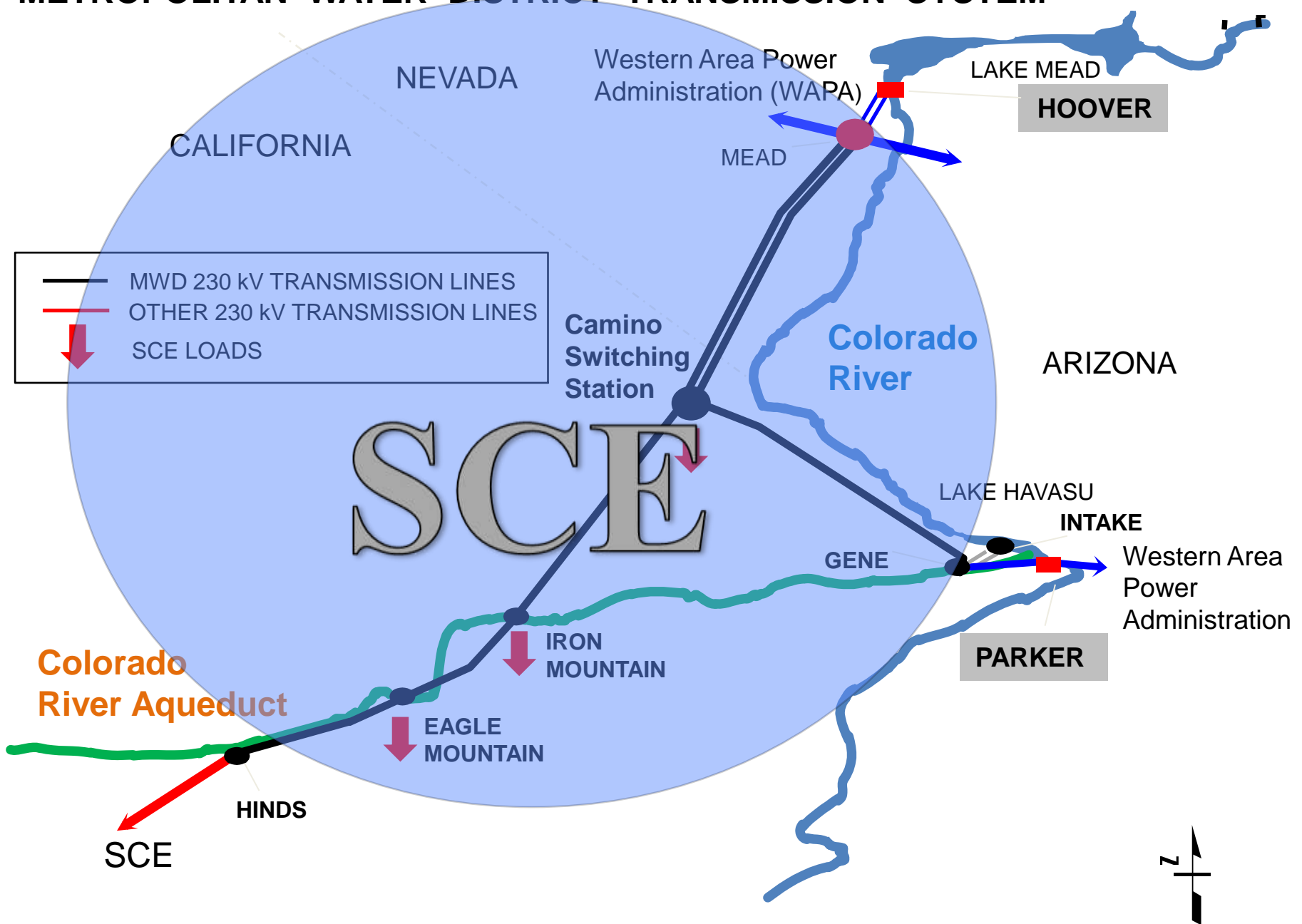
Item #7-3

February 14, 2017

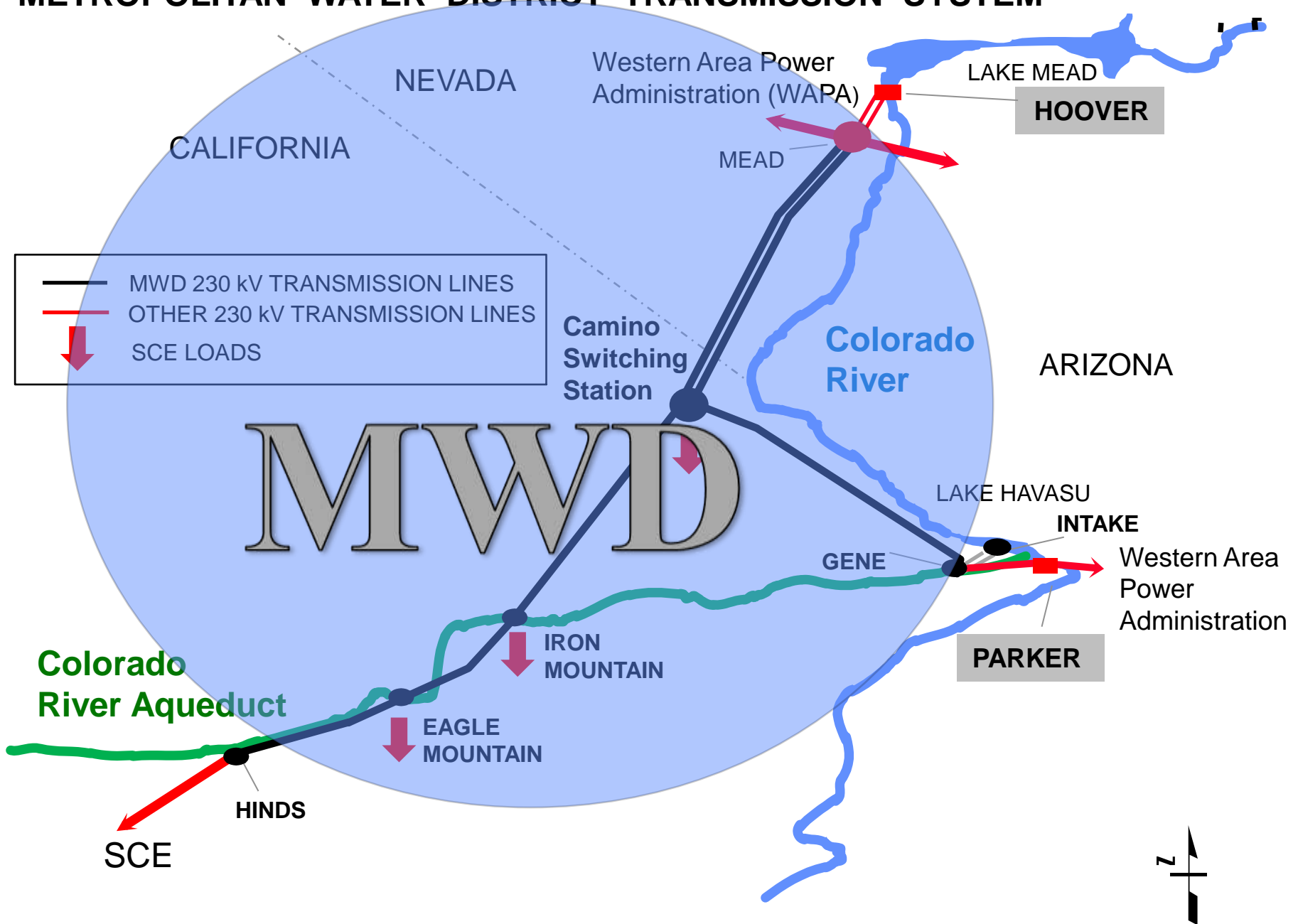
METROPOLITAN WATER DISTRICT TRANSMISSION SYSTEM



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2017 – Year of Transition

- Hoover agreements – expire September 30
 - Electric Service & Implementation Agreements
- Mead interconnection agreement – expires May 31
 - MWD transmission interconnection w/Western Area Power Administration
- 1987 Service & Interchange Agreement with SCE – expires September 30
 - Energy services (Scheduling Coordinator)
 - Transmission services (Operator and Planner)

Board Activities

- Hoover agreements
 - 50-year contracts approved – July 2016
- Mead interconnection agreement
 - 50-year contract approved – December 2016
- Successor agreements to SCE Service & Interchange agreement
 - Spring and summer 2017

Current Service & Interchange Agreement

- Integration of two transmission systems provided benefits for both parties
 - Optimizes resources based on energy needs
 - Shields MWD from California Independent System Operator (CAISO) requirements

Agreement Will Not Be Renewed

- Deregulation and new federal reliability standards reduced SCE benefits
 - SCE energy and transmission managed by CAISO
 - Reliability requirements heighten costs and risk
- SCE will not renew agreement upon expiration

New Agreements

- CAISO
 - Operating Agreement
 - Resource Adequacy Requirements
- Arizona Electric Power Cooperatives (AEPCO)
 - Scheduling & Trading Agreement
 - Transmission Services & Reliability Standards Agreement
- SCE
 - Transmission Interconnection Agreement
 - Five Interconnection Facilities Agreements

Legal Services Needed

- Drafting and negotiation of complex agreements
- Federal regulatory implications of agreements
- Imposition of CAISO requirements
- Compliance with federal reliability standards
- Federal Energy Regulatory Commission (FERC) filings and approvals

Western Energy & Water

- Lead attorney – former CAISO General Counsel
- Expertise in CAISO Tariff and reliability requirements
- Time sensitivity
- Cost effectiveness

Board Options

● Option #1

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and

- a. Authorize the General Counsel to amend the agreement with Western Energy & Water to increase by \$150,000 the maximum amount payable under the contract to a total of \$250,000 to assist Metropolitan with legal services

Board Options (Cont'd)

- Option #2

Do not authorize the General Counsel to amend the agreement and require that all legal services related to the negotiation of the CAISO, SCE, and AEPCO agreements be provided by the Legal Department

Recommendation

- Option #1



QUESTIONS