

County Of Sonoma Agenda Item Summary Report

Clerk of the Board Use Only

Meeting Date

Held Until

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Agenda Item No:

Agenda Item No:

Department: Sonoma County Water Agency

4/5 Vote Not Required

Contact:
Spencer Bader

Phone:
(707) 521-6207

Board Date:
11/3/2009

Deadline for Board Action:

AGENDA SHORT TITLE: Agreement for Sale of Power from Warm Springs Dam.

REQUESTED BOARD ACTION:

1. Authorize General Manager/Chief Engineer to execute the Renewable Energy Purchase Agreement between the Sonoma County Water Agency and Power and Water Resources Pooling Authority in substantially the form as the draft presented to this Board, following review and approval by County Counsel as to form.
2. Approve and ratify execution by the General Manager/Chief Engineer of the Participating Generator Agreement between the Sonoma County Water Agency and the California Independent System Operator Corporation.
3. Authorize the Agency's General Manager/Chief Engineer to terminate the Agreements, if appropriate.

CURRENT FISCAL YEAR FINANCIAL IMPACT - None.

Explanation (if required): Funds from the sale of Warm Springs Dam hydroelectric power (estimated to be \$650,000 per year) will be deposited in the Water Operations & Maintenance Fund, Account No. 675108.

Prior Board Action: None.

Alternatives – Results of Non-Approval: The power produced by the Warm Springs Dam hydroelectric facility would continue to be sold to PG&E and the renewable energy credits from that power would be unavailable for PWRPA, which is the Water Agency's primary source of power.

Background:

HISTORY OF ITEM

The Sonoma County Water Agency (Agency) owns and operates the Warm Springs Dam Hydroelectric Project (Project), as described more fully in Exhibit B of the Renewable Energy Purchase Agreement (Agreement). The Project can produce a maximum instantaneous net electrical output of approximately 2.79 megawatts and produces approximately 10,000 megawatt-hours of power each year at current release levels. Power from the Project is currently sold to Pacific Gas and Electric Company (PG&E) under an agreement that expired in July 2009 but has been extended by mutual agreement until an agreement with Power and Water Resources Pooling Authority (Authority) can take effect.

Under the proposed Agreement, the Authority will purchase power from the Project along with associated capacity, environmental attributes, and resource adequacy benefits. The contract price for the power sold by the Agency will vary with the price the Agency is paying the Authority. The Agency is paying the Authority for power at a rate that varies hourly based upon the Authority's average cost of power.

The Authority is a joint powers agency consisting of water and irrigation districts in northern and central California, including the Agency. The Authority pools its member districts' allocations of power from the Western Area Power Administration and also obtains power from other sources, and distributes the power to its district members, including the Agency.

The Project has been certified by the California Energy Commission (CEC) as an eligible Renewable Energy Resource, and energy generated from the Project qualifies under the requirements of the California Renewables Portfolio Standard. The Authority will receive the renewable energy credits from the power generated and will retire them each year, as part of their California Renewable Power Standard requirement.

In addition to the agreement with PWRPA, the California Independent System Operator (Cal ISO) requires the Agency to execute a standard Participating Generator Agreement and Meter Service Agreement with Cal ISO in order to place power onto the electric grid. To facilitate a timely transition of power sales from PG&E to the Authority, the Agency's General Manager/Chief Engineer executed the standard agreement, and now seeks Board approval and ratification of that agreement.

Funds from the sale of Warm Springs Dam Hydroelectric Power are estimated to be \$650,000 per year, and are required by the Restructured Agreement for Water Supply to be placed in the Agency's Water Operations and Maintenance Fund.

Attachments: None.

On File With Clerk: Draft copy of the Agreement; copies of Agreements with Cal ISO.

CLERK OF THE BOARD USE ONLY

Board Action (If other than "Requested")

Vote: