



REGULAR MEETING OF THE
MUNICIPAL SERVICES COMMITTEE
Tuesday, December 11, 2012, 4:00 P.M.
100 North Garfield Avenue, Pasadena, Council Chambers

AGENDA

1. **CALL TO ORDER/ROLL CALL**
2. **PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA**
3. **APPROVAL OF MINUTES** – November 27, 2012 – Cancelled Meeting*
4. **OLD BUSINESS:**
 - A. Review of Future Major Issues and Schedule*
5. **NEW BUSINESS:**
 - A. Authorize the City Manager to enter into Power Sales Agreement with the Southern California Public Power Association (SCPPA) for the Purchase of 13 Megawatts of Solar Energy from the Silverado Projects*
 - B. Repeal Ordinance #7205, which approved the Enviromission, LLC, La Paz Solar Generation Project Power Sales Agreement*
6. **INFORMATION ITEMS:**
 - A. Street Light and Electric System Undergrounding (Public Works)
7. **ADJOURNMENT**

Margaret McAustin, Chair
Municipal Service Committee

*Attachment

POSTING STATEMENT:

I HEREBY CERTIFY that this Agenda, in its entirety, was posted on the Council Chamber Bulletin Board S249, the bulletin board in the rotunda area at City Hall, 100 North Garfield Avenue, the City Clerk's Office, and a copy was distributed to the Central Library for posting on the 6th day of December, 2012 by 4:00 p.m.

Sharon Stovall

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City Manager	Director of Public Works	Los Angeles Times	Neighborhood Connections
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3.A

**CITY OF PASADENA
REGULAR MEETING OF THE CITY COUNCIL
MUNICIPAL SERVICES COMMITTEE
NOVEMBER 27, 2012
COUNCIL CHAMBERS – ROOM S-249
100 N. GARFIELD AVENUE (2ND FLOOR)**

The regular meeting of the Municipal Services Committee, scheduled for Tuesday, November 27, 2012 at 4:00 p.m., was cancelled as ordered on November 21, 2012, and posted as required by law.

Margaret McAustin, Chair
Municipal Services Committee

ATTEST:

Sandra S. Robles
Recording Secretary

4.A



PASADENA WATER AND POWER

MEMORANDUM

November 13, 2012

To: Municipal Services Committee

From: Phyllis Currie, PWP General Manager

A handwritten signature in cursive script that reads "Phyllis S. Currie".

Subject: Upcoming Major Utility Initiatives

This item is for information only.

BACKGROUND:

The Municipal Services Committee ("MSC") provides oversight of matters pertaining to electric and water services provided by Pasadena Water and Power ("PWP"). Given the complexity of operational, financial, legislative and regulatory issues with respect to the utility, the MSC and City Council have been considering alternatives for additional oversight and due diligence when considering major initiatives.

On September 25, 2012, PWP presented a list of major projects and policy initiatives with challenging issues that are expected to be considered in the near future. As requested by the MSC, additional information regarding these initiatives, including status and anticipated schedule, are included in the attached tables.

Please note the schedule and list of issues are dynamic, and will be adjusted over time to accommodate additional issues as they arise and changing priorities.

By putting such initiatives on the MSC agenda early in their development process, the MSC may seek input from consultants that are working on the project, identify potential community concerns, and seek input from the community as deemed appropriate.

Summary of Key PWP Initiatives

Schedule Overview (by Fiscal Year/Fiscal Quarter)

Initiative	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4
Months & Calendar Year	O-D 12	J-M 13	A-J 13	J-S 13	O-D 13	J-M 14	A-J 14	J-S 14	O-D 14	J-M 15	A-J 15
Power Division											
Adopt 10-year EE goals	U	A	U		U		U		U		U
GHG Cap and Trade		R U		U		U		U		U	
Local repowering project	R	R	A	A		U		U		U	⊛
RPS implementation	A		U		U		U		U		U
Supply contracts for renewable energy and coal replacement	A				A						
Distributed generation			U	A	A		U		U		U
IPP contract amendment, repowering			U			U		U		U	
Electric COS and rate redesign	R	U	A	⊛							
Power delivery master plan			U				U				U
Water Division											
Recycled water project	U			R	A		A			U	
Tunnel water project	U										
Water Rate redesign	U			U		U	A	⊛			
Water delivery master plan	U		U A	A				U			
Other Financial Matters											
Risk management policy			U	A				U			

A = MSC Action **U** = MSC Update **R** = Milestone Activity **⊛** = Project Complete/Implemented
Q1 = Jul - Sep **Q2** = Oct – Dec **Q3** = Jan – Mar **Q4** = Apr – Jun

Summary of Key PWP Initiatives

Initiative	Schedule/Milestones	Status	Key Issues
Power Division			
Adopt new 10-year energy efficiency goals (joint project with CMUA)	<ul style="list-style-type: none"> • EAC recommendation – Nov/Dec 12 • MSC/Council adoption – Jan 2013 • Due to state – 3/31/13 	<ul style="list-style-type: none"> • Consultant retained by SCPPA • Initial analysis performed • MSC/EAC Briefings – 9/12, 10/12 • 	<ul style="list-style-type: none"> • Black box model • Aggressiveness of goals • PBC funding adequacy • Rate impacts
Greenhouse gas “Cap and Trade”	<ul style="list-style-type: none"> • 1st Auction (11/14) – PWP is not participating due to CARB’s “all or nothing” rule • Update MSC – March 2013 • 1st compliance period: 2013 - 2015 	<ul style="list-style-type: none"> • CAISO filed tariff language • CARB allowed deferral of auction requirement • PWP is prepared for future auction participation • Transaction authority in place 	<ul style="list-style-type: none"> • Evolving rules • Mandatory auction exemption pending • Compliance/trade strategy • Risks/rate impacts
Local generation repowering project	<ul style="list-style-type: none"> • 12/12 – Public Meeting • 2/27/13 - Planning Commission EIR recommendation to Council • 5/6/2013 – Council Approval of EIR and CUP(s) • July 2013 – Financing approvals • Summer 2013 - Major equipment and construction contract awards • Target COD – Mid 2015 	<ul style="list-style-type: none"> • MSC/EAC Briefings – 9/12, 10/12 • Draft IER prepared and published 11/5/12 • Initial engineering, cost analysis performed • Bid specifications for major equipment issued • AQMD permit application submitted 	<ul style="list-style-type: none"> • EIR/Public process • AQMD Fee Schedule for emission credit transfer • Impact of GT-1/2 incidents • Financing options • Contract award • Cost control • Economics/rate impacts

Summary of Key PWP Initiatives

Initiative	Schedule/Milestones	Status	Key Issues
Renewable Portfolio Standard (RPS) implementation and compliance issues	<ul style="list-style-type: none"> • Procurement plan adoption – 12/12 • Semi-annual progress updates (April, October) • Period 1 (2011-2013) compliance filing – March 2014 	<ul style="list-style-type: none"> • 2012 IRP adopted • RPS Goal adopted • RPS Enforcement Program adopted 	<ul style="list-style-type: none"> • Evolving regulation – unclear categorization of contracts • Compliance strategy • Future legislative actions • Long-term supply projects are underperforming • Cost control/rate impacts
Long term supply contracts for renewable energy and coal replacement	<ul style="list-style-type: none"> • Approve two new renewable supplies – 12/12 • Rescind La Paz authorization – 12/12 • Additional supply contracts mid-late 2013 	<ul style="list-style-type: none"> • Purchased long- and short-term supplies to meet/exceed IRP goals for 2011 and 2012 • Participating in SCPPA RFP's 	<ul style="list-style-type: none"> • Procurement strategy • Contract awards • Cost control/rate impacts • Illiquid supply market
Distributed generation goals	<ul style="list-style-type: none"> • Approve CLEAN contract (feed-in-tariff) program – summer 2013 • Regulation 23 amendments – fall 2013 	<ul style="list-style-type: none"> • Ongoing solar incentive program • COS study underway • CLEAN contract strategies under review 	<ul style="list-style-type: none"> • Electrical interconnection rules and workload • RPS certification uncertain • Future legislative actions • Supply cost/rate impacts
Intermountain coal plant contract amendment and repowering with natural gas	<ul style="list-style-type: none"> • Update MSC – by June 2013 • Repowering activities commence by 2018 	<ul style="list-style-type: none"> • IPA has studied various alternatives • Utah state law amended May 2012 to enables gas conversion with greater CA participant share • IPP participants are developing proposed contract amendments 	<ul style="list-style-type: none"> • Multi-party contract • EPA regulations • Capacity benefit (RA) • Operating flexibility • SB-1368 compliance • Transmission rights • Dearth of alternatives • Economics/rate impacts

Summary of Key PWP Initiatives

Initiative	Schedule/Milestones	Status	Key Issues
<p>Cost of service study and rate redesign</p>	<ul style="list-style-type: none"> • Draft report to staff by 12/3/12 • Final report by 1/7/13 • Target July 2013 implementation 	<ul style="list-style-type: none"> • Revenue requirements complete • Cost of service underway 	<ul style="list-style-type: none"> • Overall funding adequacy • Demand charge structure and stand-by rates • Time-based rate variations • Competition from suppliers and distributed generation • Impact on conservation, DG
<p>Power delivery master plan update</p>	<ul style="list-style-type: none"> • OMS Contract Award – by 3/13 • Update MSC annually - Spring 2013 	<ul style="list-style-type: none"> • Master Plan adopted 2006 • State of system study updated annually • Retained consultant to review and update project implementation costs and schedule 	<ul style="list-style-type: none"> • Resources/funding level do not support pace of Plan • Need to reassess priorities and update implementation • Review reliability goals, strategic vision • Outage management • Solar, DG, PHEV integration • “Smart Grid” technologies/ automation • Implementation cost control • Economics/rate impacts

Summary of Key PWP Initiatives

Initiative	Schedule/Milestones	Status	Key Issues
<i>Water Division</i>			
Recycled water project	<ul style="list-style-type: none"> • MSC discussion 11/13/12 • Release draft EIR – Summer 2013 • Approve draft EIR – Fall 2013 • Contract awards – Mid 2014 • Completion – Early 2016 	<ul style="list-style-type: none"> • Recommended by stakeholder group and WIRP • Draft EIR under development • Appropriated CIP, not funded 	<ul style="list-style-type: none"> • EIR/Public process • Contract award • Funding • Resource utilization (users) • Economics/rate impacts
Tunnel water project	<ul style="list-style-type: none"> • MSC discussion 11/13/12 • May follow Recycled water schedule • Could be accelerated 	<ul style="list-style-type: none"> • Recommended WIRP project • Initial feasibility studies underway 	<ul style="list-style-type: none"> • Integrate with recycled water project EIR or stand alone? • Rate structure • Long term feasibility
Rate redesign to: <ul style="list-style-type: none"> • Ensure fixed cost recovery; • Fund Water IRP programs; • Encourage conservation; and, • Comply with Prop 218 requirements 	<ul style="list-style-type: none"> • MSC discussion 11/13/12 • Update – Summer 2013 • Approval – Fall 2013/Early 2014 • Implement June 2014 	<ul style="list-style-type: none"> • Current four-tier rate structure adopted July 2010 • 3rd of three approved D&C rate increases implemented July 2011 	<ul style="list-style-type: none"> • Revenue/rate stability • Complexity, feasibility • Impact on rate payer groups • Commitment to programs • Impacts of additional conservation
Water delivery master plan update	<ul style="list-style-type: none"> • MSC Update –Early 2013 • Major contract awards – Early 2013 • Plan review/updated – Mid 2013 	<ul style="list-style-type: none"> • Master Plan adopted 2002 • BAB funding must be utilized by Dec. 2013 	<ul style="list-style-type: none"> • Resources/funding do not support pace of Plan • Need to reassess priorities and update implementation
<i>Other Financial Matters</i>			
Energy portfolio risk management policy and transaction authority	<ul style="list-style-type: none"> • Policy review/adoption – mid 2013 • Transaction authorizing resolutions would follow 	<ul style="list-style-type: none"> • Current policy adopted in 1999 • Draft policy updates under consideration by PWP Risk Management Committee 	<ul style="list-style-type: none"> • Age of current policy • Extent and clarity of delegated authority • Use of financial hedging instruments

Future Major Issues and Schedule

Municipal Services Committee

December 11, 2012

Item 4.A



Utility Oversight: Future Initiatives

Pasadena Water and Power

- **Concern**
 - > MSC provides oversight of highly complex utility issues
- **Purpose/Objectives**
 - > Ensure appropriate review of utility policies and programs
 - > Provide recommendations to City Council on PWP recommendation
- **“Future Initiatives” – Periodic Updates:**
 - > Provide information to EAC early in the development process
 - > Identify potential community concerns
 - > Seek input from consultants that have been engaged to work on the specific project
 - > Dynamic list of issues and schedule



Pending Major Issues

Pasadena Water and Power

- **Power Division**
 - > Adopt new 10-year energy efficiency goals
 - > Greenhouse gas “Cap and Trade”
 - > Local generation repowering project
 - > RPS implementation issues
 - > Supply contracts for renewable energy and coal replacement
 - > Distributed generation
 - > IPP contract amendment
 - > Cost of service study and rate redesign
 - > Power delivery master plan update

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PASADENA



Pending Major Issues

Pasadena Water and Power

- **Water Division**
 - > Recycled water project
 - > Tunnel water project
 - > Water rate redesign
 - > Water delivery master plan update
- **Other Financial Matters**
 - > Energy portfolio risk management policy and transaction authority

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PASADENA



Schedule Overview

Pasadena Water and Power

Initiative	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4
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GHG Cap and Trade		P U		U		U		U		U	
Local repowering project	P	P	A	A		U		U		U	⊗
RPS implementation	A		U		U		U		U		U
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Power delivery master plan			U				U				U
Water Division											
Recycled water project	U			P	A		A			U	
Tunnel water project	U										
Water Rate redesign	U			U		U	A	⊗			
Water delivery master plan	U		U A	A				U			
Other Financial Matters											
Risk management policy			U	A				U			



Major Issues - Snapshot

Pasadena Water and Power

Power Division

- Adopt new 10-year EE goals
- GHG Cap and Trade
- Local repowering project
- RPS implementation
- Supply contracts: Renewable energy and coal replacement
- Distributed generation
- IPP contract amendment, repowering
- Electric COS, Rate redesign
- Power delivery master plan

Water Division

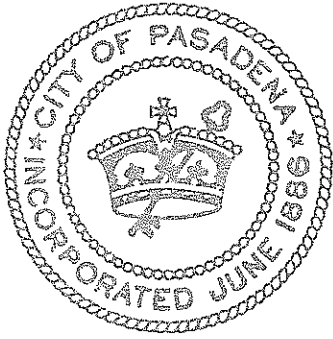
- Recycled water project
- Tunnel water project
- Water Rate redesign
- Water delivery master plan

Other Financial Matters

- Risk management policy

PASADENA

5.A



Agenda Report

December 17, 2012

TO: Honorable Mayor and City Council

THROUGH: Municipal Services Committee (December 11, 2012)

FROM: Water and Power Department

SUBJECT: AUTHORIZE THE CITY MANAGER TO ENTER INTO POWER SALES AGREEMENTS WITH THE SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY FOR THE PURCHASE OF 13 MEGAWATTS OF SOLAR ENERGY FROM THE SILVERADO PROJECTS

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the recommended contract authorization is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b)(3) (General Rule);
2. Authorize the City Manager to enter into Power Sales Agreements with the Southern California Public Power Authority ("SCPPA") to purchase renewable energy and capacity from a 13/40 (32.5%) share of the Antelope Big Sky Ranch Solar Project and the Summer Solar Project ("Silverado Projects") in Lancaster, California, for a total of up to 13MW;
3. Find that this contract is exempt from competitive bidding pursuant to City Charter Section 1002(h), contracts with other governmental agencies or their contractors; and
4. Find that this contract is exempt from competitive selection pursuant to Pasadena Municipal Code Section 4.08.049.A.3, contracts with other governmental entities.

BACKGROUND:

The City of Pasadena has adopted a number of aggressive environmental goals applicable to the Pasadena Water and Power Department ("PWP"), including a Renewable Portfolio Standard ("RPS") goal to supply 40% percent of its retail energy sales with renewable resources by 2020. Meeting the RPS goal is a key component of

PWP's plan to reduce greenhouse gas emissions 40% by 2020. These goals were adopted by the City Council as part of PWP's Integrated Resource Plan ("IRP").

In order to secure a diverse portfolio of the least-cost renewable resources available, PWP partners with other SCPA member utilities to solicit and evaluate bids from project developers through an ongoing series of Requests for Proposals ("RFP"). For selected project bids, SCPA enters into a contract with the project developer to purchase all or part of the project as needed to satisfy participating members' interest. The participating members, in turn, enter into a contract with SCPA to purchase their desired share of the project.

The Silverado Projects consist of two 20MW solar photovoltaic generating stations, named the Antelope Big Sky Ranch Project and the Summer Solar Project. The energy produced by the Silverado Projects will be delivered directly into the California Independent System Operator ("CAISO") grid and qualify to meet the state's highest value Portfolio Content Category 1 (also called "bucket 1") renewable energy requirements. They are expected to be certified by the CAISO to meet a portion of PWP's resource adequacy and local capacity requirements obligations, two very desirable attributes that many renewable projects do not provide. Under the proposed contract, the facilities necessary to achieve CAISO capacity certification must be constructed no later than 2018.

SCPA will enter into an agreement with the developer to purchase all of the energy and capacity produced for 25 years. Such longer contract terms are becoming more prevalent for renewable resources because they help maintain price stability and lower contract rates. The longer term will help PWP stagger the expiration of contracts in the future. The contract will include "first right of offer" provisions to enable SCPA to purchase the Silverado Projects in the event the developer decides to sell the project in the future.

Three participating SCPA member municipal utilities, including PWP and the Cities of Azusa and Riverside, intend to purchase their respective shares of Silverado Projects through individual agreements with SCPA. Each of the two Silverado Project sites will have a separate, identical form of contract.

Under the proposed Power Sales Agreements with SCPA, PWP will purchase a 32.5% share (13MW of 40MW) of the Silverado Projects' output from SCPA for 25 years. As it is currently unclear when and whether the project's capacity will be certified by the CAISO, the Power Sales Agreement has been separated into two products as follows:

1. **Renewable energy and environmental attributes:** PWP will purchase its 13/40 share of energy produced at a starting price of \$77.34/MWh, escalated at 1.5% per year to \$112.22/MWh in the 25th year. Full production would provide an estimated 32GWh of energy per year (approximately 2.7% of PWP's retail energy sales); and,

2. **Generation capacity attributes:** Once certified by the CAISO, PWP will have the option to purchase the CAISO capacity compliance attributes for an additional \$5.10/MWh, escalated at 1.5% per year to \$7.25/MWh in the 25th year.

There will be no incremental transmission costs to deliver the energy to the City of Pasadena ("Pasadena"), and no currently known integration costs that are typically associated with out of state wind and solar projects.

The combined cost of energy and capacity is favorable compared to other projects under consideration by SCPPA and will be significantly lower than the \$95/MWh (and up) energy price of the previously approved La Paz solar project from which SCPPA has recently withdrawn. PWP's share of energy from the Silverado Projects will replace more than one-half of the energy that was expected from La Paz, enabling PWP to continue its progress towards achieving the goal of supplying 40% percent of its retail energy sales with renewable resources by 2020 and reducing greenhouse gas emissions. PWP expects that energy from the Silverado Projects, combined with that expected from current long-term renewable energy supply contract commitments, will serve approximately 21.2% of retail sales in 2015, and 19.2% in 2020 as shown in Table 1.

**Table 1
 Current Renewable Energy Portfolio Summary (GWh)**

Calendar Year	2014	2015	2020	2025
Azusa Hydro	5	5	5	5
PPM Wind	18	18	18	-
Minnesota Methane LFG	43	43	-	-
Ormat Geothermal	17	17	18	17
UPC (Milford) Wind Phase 1	12	12	12	12
Chiquita Canyon LFG	39	39	39	39
EDF Biomethane	14	14	14	-
Sequent Biomethane	28	29	38	-
Waste Management Biomethane	41	41	41	-
Proposed Silverado Project		32	32	32
Total Renewable Supply	217	250	217	105
Retail Sales	1,186	1,180	1,128	1,135
% Renewable	18.3%	21.2%	19.2%	9.3%

Solar photovoltaic generation systems are a proven technology with minimal development risk. While the energy output is intermittent due to solar and weather conditions, production generally aligns well with PWP's electric demand.

Like all other long-term commitments, the proposed agreement carries financial and compliance risks. As the contract carries no up-front capital or annual fixed-cost commitment, these risks are primarily related to the possibility that: (1) future alternative

renewable resources may have a lower price and/or (2) the Silverado Projects do not produce the output expected.

In order to continue making progress towards important environmental goals, SCPPA and PWP are currently negotiating with other project developers that have submitted bids in response to SCPPA Request for Proposal's. PWP anticipates that additional renewable energy contract recommendations will be forthcoming in early 2013.

COUNCIL POLICY CONSIDERATION:

The proposed agreement is consistent with the City's Urban Accords Goals with respect to renewable energy and greenhouse gas emission reduction goals, the General Plan Energy Element, the City Council's Strategic Planning Goals, and the 2012 Power Integrated Resource Plan. The Project will help PWP achieve regulatory compliance as well as City Council goals in a cost-effective manner.

ENVIRONMENTAL ANALYSIS:

The proposed agreements are determined to be exempt from the CEQA process pursuant to State CEQA Guidelines Section 15061(b)(3), the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Further, while no physical construction is contemplated by the actions proposed in this staff report, further CEQA review may apply to construction projects in the future.

FISCAL IMPACT:

The Project is expected to commence operation in FY 2015 and add an average of \$600,000 per year or \$0.0005 per kWh to the retail energy cost in the first five years of operations. Over this same period, the Project will increase the monthly bill for a typical residential customer using 500 kWh per month by an average of \$0.26 per month from \$86.46 to \$86.72.

Currently, the cumulative impact of all existing renewable contracts in the energy portfolio is about \$5.8 million per year or 0.5¢ kWh. With this agreement, the cumulative impact will increase to about \$6.4 million per year or 0.6¢ per kWh in fiscal year 2015.

All costs associated with these contracts will be recovered in the Energy Charge component of Pasadena's electric energy rates.

Respectfully submitted,



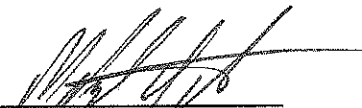
PHYLLIS E. CURRIE
General Manager
Water and Power Department

Prepared by:



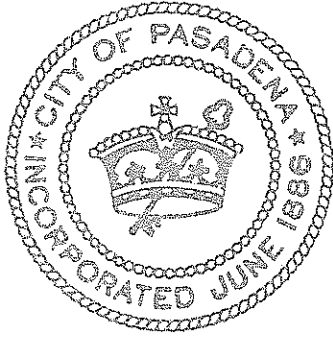
Steven K. Endo, P.E.
Principal Engineer

Approved by:



MICHAEL J. BECK
City Manager

5.B



Agenda Report

December 17, 2012

TO: Honorable Mayor and City Council

THROUGH: Municipal Services Committee (December 11, 2012)

FROM: Water and Power Department

SUBJECT: REPEAL ORDINANCE # 7205, WHICH APPROVED THE ENVIROMISSION, LLC, LA PAZ SOLAR GENERATION PROJECT POWER SALES AGREEMENT

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the recommended action is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b)(3) (General Rule); and,
2. Direct the City Attorney to prepare an ordinance repealing Ordinance # 7205 which approved the Enviromission, LLC, La Paz Solar Generation Project Power Sales Agreement and authorized the City Manager to enter into an agreement with the Southern California Public Power Authority ("SCPPA") to purchase ten (10) Megawatts of the project's output.

BACKGROUND:

On December 6, 2010, the City Council directed the City Attorney to draft an ordinance (Ordinance # 7205) which authorized the City Manager to enter into an agreement with SCPPA for the purchase of 10MW of the proposed 200MW La Paz Solar Generation Project in Arizona. This project was planned to incorporate an innovative solar thermal electric generation design that has not been proven on a large commercial scale.

SCPPA members initially expressed interest in approximately one-half of the project's planned capacity, and worked in good faith with the developer over 20 months to negotiate contract terms and further develop the project. Due to numerous concerns with project progress, SCPPA sent notice to Enviromission on September 26, 2012 to formally withdraw from further negotiations. In the notice, SCPPA cited the following reasons for withdrawing from the project:

1. Enviromission displayed no progress to meet two conditions precedent, to secure financing and letters of credit, causing the execution of the Power Purchase Agreement between Enviromission and SCPPA to be postponed repeatedly and indefinitely;
2. Because of the repeated delays, SCPPA's combined participation share in the project dropped from 102 to 34MW, or approximately 17%, as SCPPA participants lost confidence in the project's viability;
3. The proposed contract price, while attractive in 2010, is no longer competitive with alternative offers from lower cost photovoltaic solar generation projects; and,
4. Concerns that the energy may not satisfy the Portfolio Content Category 1 requirements for renewable energy pursuant to Senate Bill X1-2 (2011).

PWP now recommends that the City Council direct the City Attorney to prepare an ordinance to repeal Ordinance # 7205 so that Pasadena Water and Power ("PWP") may officially terminate participation in this project. Removing any potential risk of perceived commitment and the uncertainty associated with this project's possible contribution to PWP's renewable resource goals allows PWP to pursue other, more conventional, lower cost, and lower risk renewable projects.

COUNCIL POLICY CONSIDERATION:

Although the proposed repeal of Ordinance # 7205 might appear to be counter to the City's Urban Accords Goals with respect to renewable energy and greenhouse gas emission reduction goals, the General Plan Energy Element, the City Council's Strategic Planning Goals, and the 2009 Power Integrated Resource Plan, it will effectively eliminate a future renewable resource that is not likely to materialize. Replacement of this project by other proven renewable technology projects would achieve the City of Pasadena's ("City") environmental objectives with greater certainty. In lieu of this project, staff is evaluating other conventional PV Solar projects available through SCPPA's 2011 Request for Proposal for Renewable Energy Projects. Conventional PV Solar projects have become available which not only match PWP's load requirements even more favorably but do so at a lower price. Staff will return to Council with a recommendation in the future as appropriate projects are evaluated and selected.

ENVIRONMENTAL ANALYSIS:

The proposed repeal of Ordinance # 7205 has been determined to be exempt from CEQA pursuant to State CEQA Guidelines Section 15061(b)(3); the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The repeal of Ordinance # 7205 would not have a significant effect on the environment.

FISCAL IMPACT:

There is no anticipated immediate fiscal impact as a result of this action and will not have any indirect or support cost requirements. By repealing Ordinance # 7205, PWP is free to pursue other, lower cost, renewable energy projects to meet the City's Renewable Portfolio Standard goals. There will be no anticipated impact to other operational programs or capital projects as a result of this action.

Respectfully submitted,



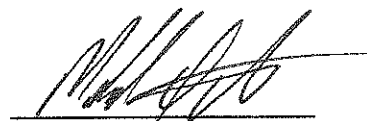
PHYLLIS E. CURRIE
General Manager
Pasadena Water and Power Department

Prepared by:



Steven Endo, P.E.
Principal Engineer

Approved by:



MICHAEL J. BECK
City Manager

Attachment: Ordinance #7205

Introduced by Councilmember McAustin

ORDINANCE NO. 7205

AN UNCODIFIED ORDINANCE OF THE COUNCIL OF THE CITY OF PASADENA APPROVING THE POWER SALES AGREEMENT BETWEEN THE CITY OF PASADENA AND THE SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY FOR THE LA PAZ SOLAR TOWER PROJECT

The People of the City of Pasadena ordain as follows:

SECTION 1. The City Council of the City of Pasadena hereby approves the Power Sales Agreement, including all Appendices and attachments thereto, between the City and the Southern California Public Power Authority with respect to the La Paz Solar Tower Project.

SECTION 2. The City Manager is hereby authorized to execute and deliver the Power Sales Agreement, with such changes, insertions and omissions as shall be approved by the City Manager (such approval to be conclusively evidenced by such execution), and the City Clerk is hereby authorized to attest to such execution.

SECTION 3. The City Manager is further authorized to execute and deliver any and all other documents and instruments and to do and cause to be done any and all acts and things necessary or advisable for carrying out the responsibilities and transactions under the Power Sales Agreement as contemplated by this ordinance, which shall include, without limitation, (i)

I HEREBY CERTIFY that the foregoing Ordinance was adopted by the
City Council at its meeting held January 24, 2011, by
the following vote:

AYES: Councilmembers Haderlein, Madison, Robinson,
Vice Mayor Gordo, Mayor Bogaard

NOES: None

ABSENT: Councilmembers Holden, McAustin, Tornek

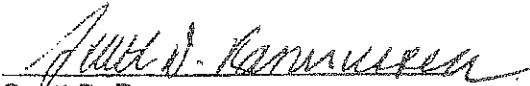
ABSTAIN: None

Published: January 27, 2011
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Mark Jomsky, CMC
City Clerk

APPROVED AS TO FORM:



Scott D. Rasmussen
Assistant City Attorney