



Engineering & Operations Committee

Authorize Agreement for Sale of Renewable Energy from Hydroelectric Plants

Item 7-5

September 12, 2022

HEP Phase I & II Agreement Authorization

Current Action

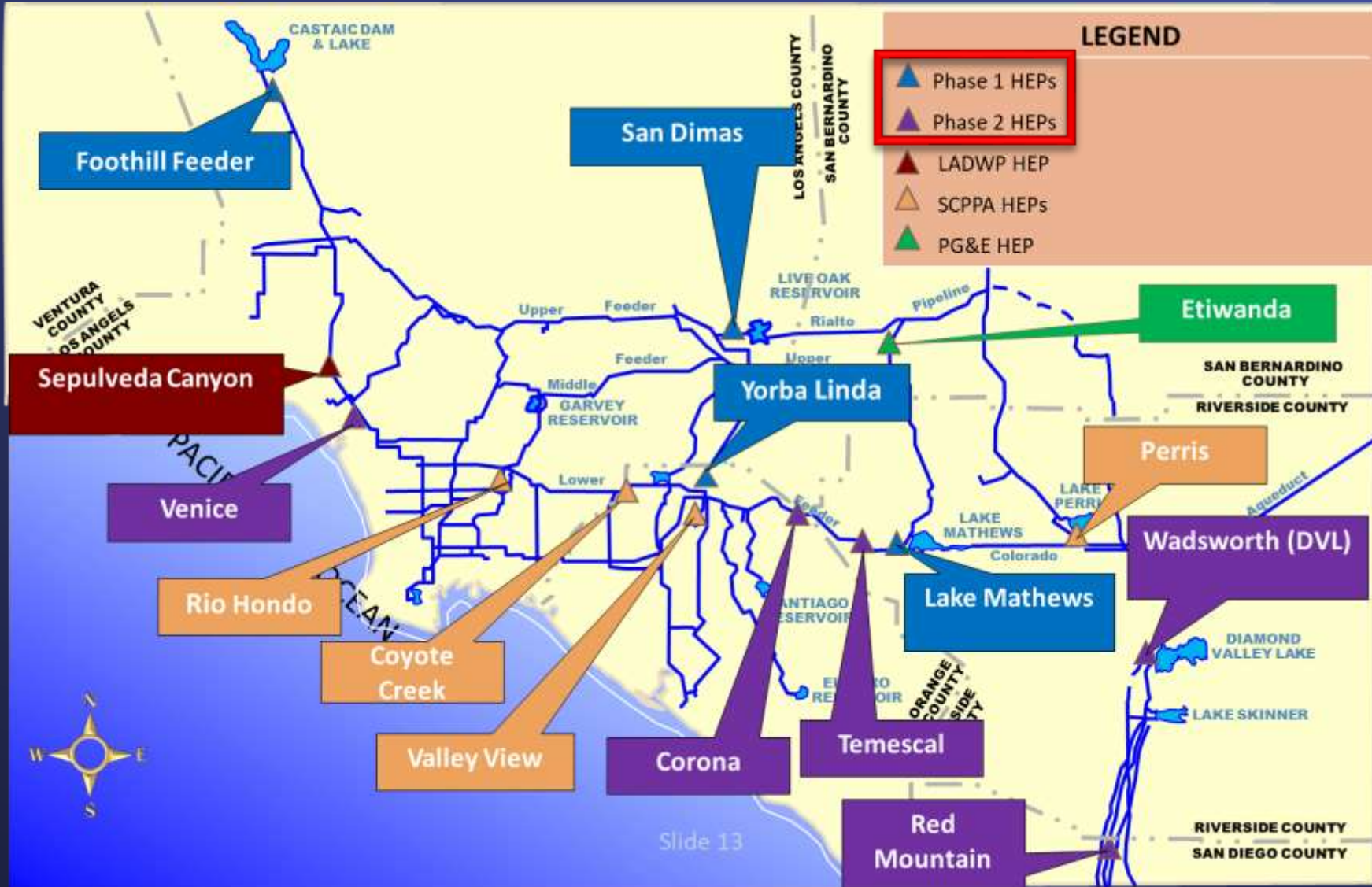
- Authorize an agreement with Calpine Energy Solutions, LLC for the sale of renewable energy from the Phase I-II hydroelectric power plants

Background



- 15 active small-conduit hydroelectric generating units
- Installed primarily in the 1970s-1980s
- 130 megawatts (MW) installed capacity
- “Run of River” operation
- Units produce Energy (kW-hrs), Renewable Energy Credits (RECs), and Resource Adequacy (RA) capacity (kW-months)

Metropolitan's Fleet of Small Hydroelectric Power Plants (HEPs)



Hydroelectric Plant Energy Contracts

Buyer	# Plants	Capacity (MW)	Termination Date
DWR #1 (Lake Mathews, Foothill, Yorba Linda, San Dimas)	4	29	Sept. 2022
Phase #2 (Venice, Temescal, Corona, Red Mtn, DVL)	5	51.4	Dec. 2020* (Currently Unprocured)
SCPPA (Perris, Coyote Creek, Rio Hondo, Valley View)	4	17.4	Dec. 2023
LADWP (Sepulveda)	1	8.4	Dec. 2023
PG&E (Etiwanda)	1	23.9	June 2034

* The output of the Phase 2 generation has been sold at market prices since the agreement expired in 2020

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Selection Process

- Request for Offers (RFO) issued June 2022
 - Three Products
 - Energy (kW-hrs)
 - Renewable Energy Credits (RECs)
 - Resource Adequacy (RA) Capacity (kW-months)
 - 8 offers/6 bidders
- Offers ranked using objective criteria

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Recommended Offer

- Calpine Energy Services, LLC
 - 10-year contract for Energy & RECs
 - October 1, 2022 – September 30, 2032
 - CAISO SP15 Index Price for Energy + REC Premium
 - Total 10-year revenue estimated to range from \$90 -100 million
 - Annual incremental revenues estimated to range from \$1.1 - \$2.5 million

Board Options

- Option #1

Authorize an agreement with Calpine Energy Solutions, LLC for the sale of renewable energy from the Phase I-II hydroelectric power plants

- Option #2

Direct staff to continue negotiations or initiate new negotiations with the same or new parties

Staff Recommendation

- Option #1

