

LEGISLATIVE DIGEST

[Contract Amendments - Western Area Power Administration - Power and Scheduling Coordinator Services - Term Extension and Increasing Maximum Contract Amount to \$41,500,000; Waiver of Certain Municipal Code Requirements]

Ordinance approving the fourth amendments to two contracts between the San Francisco Public Utilities Commission (SFPUC) and the United States Department of Energy Western Area Power Administration, for delivery of low-cost power and scheduling coordinator services to Treasure Island and Yerba Buena Island to extend the term by five years and 3 months from October 1, 2024, for a total term of September 1, 2005, through December 31, 2029, and increasing the maximum amount of the agreements to \$41,500,000; approving the City indemnifying and holding harmless the United States against claims arising from the City's activities under the contract; waiving Administrative Code requirements that a City contract contain a statement of guaranteed maximum costs and a statement regarding liability of claimants for submitting false claims; and waiving certain other Administrative Code and Environment Code requirements upon findings made by the SFPUC General Manager.

Amendments to Current Law

This ordinance would approve waivers of requirements in contract amendments with the Western Area Power Administration (WAPA) for services to ensure reliable delivery of low-cost electric power for use at Treasure Island and Yerba Buena Island (TI/YBI). The ordinance would also indemnify the United States against claims resulting from acts of the City under the contract amendment and increase the maximum amount of the agreements from \$28,386,486 to \$41,500,000;

Background Information

Under the Federal Base Closure and Realignment Act, the City is the local reuse authority for the Treasure Island Naval Station, under the auspices of the Treasure Island Development Authority (TIDA). The Public Utilities Commission manages the Treasure Island utilities for TIDA, including water, sewerage, natural gas, and electricity.

Currently, the City has a power purchase agreement, previously approved by the Board of Supervisors, with the U.S. Department of Energy Western Area Power Administration (WAPA), effective from January 1, 2005 through 2054. Under this existing power purchase agreement between the City and WAPA, WAPA guarantees that TIDA receives the amount of electricity needed by TIDA to meet TIDA's electricity needs and provides scheduling

coordination services, coordinating the scheduling of electricity through the California Independent System Operator, the not-for-profit public benefit corporation operating the State's wholesale power grid.

WAPA is the City's Scheduling Coordinator and supplemental power provider to TI/YBI. A Scheduling Coordinator is responsible for submitting schedules to the California Independent System Operator (CAISO) for all buyers and sellers transmitting electricity on the ISO controlled grid. The ISO requires a Scheduling Coordinator to meet extensive financial, operational, equipment, software, and security requirements, including maintaining an operations center 24 hours a day, 7 days a week. WAPA also provides additional power to serve the City's TI/YBI load that is unmet by the amount of generation the City has already contracted to receive from WAPA under its base resource Power Purchase Agreement. The supplemental power provided by WAPA may include long-term, short-term, day-ahead, and hour-ahead purchases, and/or other arrangements. The City's current contracts with WAPA for these services expires on September 30, 2024.

On October 17, 2019, WAPA requested the City amend the current contracts for supplemental power and scheduling coordinator services because WAPA must begin purchasing power beyond the current contract termination dates. The proposed ordinance would approve amendments to the WAPA contracts through September 30, 2029. WAPA's standard contracts for these services do not include the City's required false claims provision or the guaranteed maximum amount provision. In addition, WAPA's standard agreement indemnifies and holds WAPA harmless for claims arising out of the City's activities under the contract.

It is estimated that the amendments would increase the maximum amount of the contracts from \$28,386,486 to \$41,500,000.

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