

SMUD Confirmation Agreement Amendment 7

Date of this Brief	September 3, 2013		
Supersedes	None		
Key Contacts	Name(s)	Phone	Short Title
	Robert Cromwell	4-3856	Director
	Kathy Holt	4-3654	Senior Power Analyst
Council Action Required?	Yes	If YES, within the next 3 months?	Yes
Public Hearing Required?	No		
Presenters (if applicable)	James L. Baggs, <i>Interim Officer, Power Supply & Environmental Affairs Business Unit</i> Robert W. Cromwell, Jr., <i>Director, Power Contracts & Resource Acquisition</i>		

Summary Statement

This legislation approves an amendment to the 10-year services and power purchase agreement with the Sacramento Municipal Utility District (SMUD) for renewable energy and environmental attributes approved under Ordinance 122672 in April 2008.

Background

Under the original agreement (Ordinance 122672), SMUD provides winter energy to compensate City Light for the energy delivery services City Light supplies to SMUD. The proposed amendment would change the winter energy compensation by SMUD to a cash payment for energy delivery services.

Market and operational conditions have changed substantially since 2007 when the original agreement was negotiated. It is no longer necessary or desirable to convert the compensation payment into energy because the energy is not needed to serve load. Receiving a cash payment will reduce City Light's losses that are typically incurred when the winter energy from SMUD is sold into the market, representing approximately \$260,000 annually. A cash payment will also reduce both City Light's and SMUD's administrative burdens.

Key Issues

None.

Next Steps

Seek legislative approval.