

WEST BASIN MUNICIPAL WATER DISTRICT

OCTOBER 9, 2002 – Water Resources  
McDonald, Little  
OCTOBER 28, 2002 – Board Meeting  
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Approved by: Darryl G. Miller

INFORMATION CALENDAR

ON-SITE POWER GENERATION UPDATE

SUMMARY:

The District has been evaluating the feasibility of generating its own power for use at its recycled water facilities. Staff has had discussions with several companies willing to design, build, and operate power facilities at the District's El Segundo site as well as studied the potential to design, build, and operate power generators for our own needs. The price of power in these studies and discussions ranged from about 8.5 cents per kilowatt-hour to 11 cents per kilowatt-hour. The District's current rate at the water recycling plant in El Segundo averages about 12 cents per kilowatt-hour.

Recently, the California Public Utilities Commission (CPUC), has been considering levying additional fees against any power user that generates its own power and stops buying power from Southern California Edison. These fees are called exit fees. The exit fees could range from 0.5 cents per kilowatt-hour to a Southern California Edison proposed 7.76 cents per kilowatt-hour. Exit fees were not considered in previous studies.

The level of the exit fee is critical in determining whether a project should move forward. For example, an exit fee around 3.0 cents per kilowatt-hour would essentially negate any potential savings from on-site power generation. It is anticipated that the CPUC will determine the level of exit fees over the next six months.

Staff will be monitoring the exit fees issue and report back to the Board as more information becomes available.

FISCAL IMPACTS:

Not applicable.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Water Resources Committee on October 9, 2002 and was agendized to the October 28, 2002 Board meeting as information.

RECOMMENDED MOTION:

For information only.

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